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**United States
Department of Labor
Seventieth
Annual Report
Fiscal Year 1982**



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United States Department of Labor Seventieth Annual Report Fiscal Year 1982



Raymond J. Donovan, Secretary of Labor

United States Department of Labor

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- ⁶ Appointed 12/10/81
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Report of the Secretary

Noteworthy achievements by the Department, its agencies, and its employees marked the period covered by fiscal year 1982.

The long, difficult and sometimes painful process of reevaluation and restructuring—a process which touched every agency in the Department—has been, for the most part, completed. With those changes now largely in place, the Department of Labor was able, in fiscal year 1982, to concentrate on its mandate with increased efficiency, improved capability, and renewed enthusiasm. The result has been a record of accomplishments of which all of us in the Department can be proud.

Administration and Management

The changes undergone in the Department have placed increasing responsibility in the Office of the Assistant Secretary for Administration and Management (OASAM). As we have worked to adjust to smaller increases in budget, the management of our resources has come to play an ever more important role.

OASAM has worked throughout the year to establish policies that assure the Department's compliance with Presidentially directed changes in budgets, programs, and policies.

One such change was the use, for the first time, of the performance appraisal system mandated by the Civil Service Reform Act. In addition, a merit pay system was implemented for all supervisors and managers at the GS 13 to 15 levels.

Perhaps the most significant change, however, was the agreement between the Department of Labor and the General Services Administration delegating authority to the Department to manage the Frances Perkins Building. Under this agreement, the Department becomes the first Federal agency to undertake the total operation of its headquarters building, a task that involves the management of over 1 million square feet of space and a budget of \$5.2 million.

Employment Standards

Much of the effort of the Employment Standards Administration (ESA) in fiscal 1981 was in the area of regulatory reform. In fiscal 1982, however, enforcement of existing labor standards was emphasized.

In the area of minimum wage and overtime standards, for example, ESA conducted over 70,000 investigations and resolved over 46,000 complaints. This reduced the backlog of complaints by 20 percent, disclosed nearly \$50 million in minimum wage underpayments, and secured employer agreements to pay \$87 million in unpaid minimum wage and overtime payments to half a million workers.

ESA also continued its targeted enforcement program, which concentrated resources in areas and in industries with histories of minimum wage and overtime violations. In one such effort, violations amounting to nearly \$2 million in minimum wage and overtime payments were uncovered in Miami.

The increased emphasis on enforcement has not meant an end to ESA's efforts to improve existing labor law. The agency introduced, in fiscal 1982, legislation to reform the Farm Labor Contractors Registration Act. The proposed Migrant and Seasonal Agricultural Workers Protection Act would eliminate many of the inefficiencies of FLCRA.

The agency also issued final regulations under the Davis-Bacon Act which would result in more uniform determination of prevailing wages, reduce cost for government construction, and increase employment opportunities in construction for women and minorities. Implementation of those changes was deferred, however, when the U.S. District Court for the District of Columbia issued a preliminary injunction.

ESA also continued its efforts to improve the management of the Federal Employees Compensation Act. Working with other government agencies, ESA expanded a program to reemploy injured government workers as soon as possible in new jobs consistent with their abilities.

Worker Safety

Both the Occupational Safety and Health Administration and the Mine Safety and Health Administration made major efforts during the year to improve management of their programs. In addition, both agencies were successful in developing new, non-confrontational approaches to safety and health problems which will result in increased worker protection.

In OSHA, the year saw the implementation of the first voluntary compliance programs for industry. These programs allow employers with good health and safety records to work directly with workers to maintain health and safety standards in the workplace.

MSHA adopted a policy of reduced fines for minor violations. That policy has resulted in fewer efforts by mine oper-

ators to contest citations and in greater efforts to improve safety.

In June, MSHA held the first joint Mine Safety and Health Conference, which brought together representatives of industry, labor, and government to discuss ways to improve mine safety and health.

Employment and Training

The most important achievement of 1982 for the Employment and Training Administration was the success of efforts to replace the CETA program with a more efficient way of providing job training. With the enactment of the Job Training Partnership Act (JTPA) of 1982, such a method now exists.

The new JTPA provides that 70 cents out of every dollar will be used for actual job training, rather than for such non-productive uses as administrative costs. It is a program specifically designed to ease the existing mismatch between jobs and workers' skills.

In addition, the JTPA contains a special program aimed at displaced workers — those whose jobs have been rendered obsolete through technological changes or increased foreign competition.

Legal Actions

In addition to continuing its work in many areas, the Special Litigation Staff of the Solicitor's Office achieved a resolution of the Teamsters' Central States Pension Fund case. The consent decree into which the Fund and the Department of Labor have entered will provide for continued safeguards to protect the assets of the Fund and guarantee the retirement security of the workers who depend upon those assets.

Women's Bureau

In fiscal 1982, the Women's Bureau completed the implementation of its Women in Apprenticeship program. This program trained 2,800 people in 44 cities, ensuring greater assistance to women interested in apprenticeship programs and other nontraditional forms of employment and training.

The Bureau also conducted regional job fairs and talent banks designed to help women in their search for employment.

Finally, the Women's Bureau increased its efforts to encourage employer-sponsored day care facilities to enable women with children to seek employment opportunities outside the home.

Labor-Management Relations

The Labor-Management Services Administration continued to emphasize cooperation between workers and employers. Fiscal 1982 saw the creation of a new Division of Cooperative Labor-Management Programs to serve as a clearinghouse for such ventures, and as a resource center for those doing research on the subject.

That division, as well as the recently published "Resource Guide to Labor-Management Cooperation," were the outgrowth of a Symposium on Cooperative Labor-Management Programs held by the Department in June. The meeting brought together leaders from business, labor, government, and representatives of other groups to discuss ways to improve cooperation in labor relations.

Working with other agencies of the Department, LMSA continued efforts to secure passage of needed changes in the Labor-Management Racketeering Act. Although those efforts were successful in the Senate, as of the end of the fiscal year, the bill had not passed the House of Representatives.

Labor Statistics

The Bureau of Labor Statistics (BLS) continued its work on implementing revisions in both the Consumer Price Index and the Producer Price Index. In addition, the Bureau's staff developed new, multifactor measures of productivity that will increase understanding of this element in the economy.

In an effort to make its statistical data more readily available and more useful to the public and to researchers, BLS has inaugurated a program that makes its major releases available electronically through computer terminals.

International Labor Affairs

In fiscal 1982, the Bureau of International Labor Affairs was instrumental in developing legislation to implement the President's Caribbean Basin Initiative. In addition, the Bureau helped formulate U.S. policy concerning international investment and transnational corporations.

Once again, the United States participated in the conference of the International Labor Organization (ILO). The U.S. delegation sought to limit the extent of increases in the ILO budget

and to improve the relevance and effectiveness of the ILO's technical programs.

Veterans' Employment

For the first time, the annual report includes a chapter from the office of the Assistant Secretary for Veterans' Employment (OASVE).

Fiscal 1982 saw passage of the Veterans' Compensation, Education, and Employment Amendments, which transferred the Office of Veterans' Reemployment Rights from the Labor-Management Services Administration to OASVE. The year also marked the establishment of the Secretary's Advisory Committee on Veterans.

During the year, OASVE continued operation of several national employment programs directed to veterans.

Inspector General's Activities

During 1982, the Inspector General's Office (OIG) doubled its number of fraud investigations. One hundred thirty-nine investigations (compared to 64 in 1981) resulted in 176 indictments.

In the area of labor racketeering, OIG won 80 convictions, again doubling the prior year's rate. Included were 13 indictments from the continuing investigation of the Fulton Fish Market in New York. That investigation has already resulted in 32 other convictions, in addition to 44 pleas to lesser charges.

Conclusion

In my introduction to the report for fiscal year 1981, I wrote that the Department's activities could be summed up in one word: change. This year, if I were to categorize our achievements, I would use the word "settled."

This past fiscal year the Department of Labor has operated within a new framework. It is leaner, more efficient, and more purposeful. The Department, through the efforts of its employees, has gone about its job with the calm determination of a veteran. In many respects, its efforts have been unheralded. But they have not gone unfelt. Perhaps the actions of no other agency in Government touch more directly the lives of Americans than those of the Department of Labor. What it does affects the lives of literally every man, woman, and child in the country.

Because the Department has a profound impact on so many people, it has a special responsibility to perform well. In the year just ended it has done so. I am proud of that achievement, and of my part in it. Most of all, I am proud of the men and women of this Department who made that achievement possible.

A handwritten signature in black ink, reading "Raymond J. Donovan". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Raymond J. Donovan

Employment and Training Administration

The employment and Training Administration (ETA) had as its number one priority in fiscal year 1982 the development and enactment of training legislation to succeed the Comprehensive Employment and Training Act (CETA) which expired on September 30, 1982. The new law — the Job Training Partnership Act of 1982 — was signed by President Reagan on October 13, 1982.

Under the Act, economically disadvantaged and unskilled youth and adults, dislocated workers, and others facing serious barriers to employment will receive job training and other services to prepare them for productive unsubsidized employment. Significant new directions established by the legislation include the following:

- block grants to the States for job training activities, in keeping with the New Federalism;
- creation of a partnership between private industry and State and local governments in planning, monitoring, and assessing programs supported under the Act;
- concentration of Federal resources (70 cents of each Federal dollar, except in unusual circumstances) on job training programs;
- emphasis on services that will significantly increase the job readiness of program participants;
- a new dislocated worker program which will offer retraining and other employment and training services to those unlikely to return to their former, regular employment; and
- changes in the U.S. Employment Service and affiliated State Job Services making them a full partner in the Nation's job training and employment efforts.

The Act, in addition, retains employment and training programs, such as the Job Corps, that have proven track records.

During fiscal 1982, CETA resources continued to be directed to involving the private sector more in training and finding jobs for disadvantaged workers, and to providing training and other employment-related services to certain groups experiencing particularly severe disadvantages in the labor market. Because of CETA's imminent expiration, there were no regulatory changes in the program and the agency began to focus its efforts along the block grant concept.

ETA carried on its strengthening of the program content and administration of the unemployment insurance system that it had begun the previous fiscal year. The resolution of outstanding audits of contracts/grants and the reduction of the backlog of contracts/grants awaiting closeout also continued to be a priority item.

Community Employment Programs

Community employment programs were operated by 475 State and local prime sponsor organizations that received funds under the several titles of CETA for employment and training services at the local level.

In fiscal 1982, an estimated 826,000 persons participated in programs under titles II-A, B, and C at a cost of \$1.8 billion, and approximately 624,375 participants were terminated from them. Of these, 272,517 were placed in jobs, 225,369 of them in the private sector. In addition, 55,157 returned to school or entered further training. Of the persons enrolled in these programs, 47.7 percent were in classroom training, 29.4 percent in work experience, 14.5 percent in on-the-job training, and 8.4 percent in other activities.

At the end of the third quarter of fiscal 1982, 99 percent of the participants were economically disadvantaged and 29.1 percent were receiving some type of public assistance at the time of enrollment.

The average cost for placing a participant in a job in fiscal 1982 was estimated at \$5,466 and the average hourly wage upon entering unsubsidized employment at \$4.36.

During the fiscal year, ETA continued its review of grant paperwork requirements to relieve the burden of plan preparation to the extent that local needs for open planning and Federal needs for information on program management controls and other statutory compliance issues were not compromised.

Youth Programs

Local youth programs under title IV of CETA are specifically designed to provide a broad range of work experience, training, and services to enhance the employability of disadvantaged youth. These programs for fiscal 1982 included the Summer Youth Employment Program (SYEP) and the Youth Employment and Training Programs (YETP). The Youth Community Conservation and Improvement Projects (YCCIP) was not funded as a separate program. (Prime sponsors were granted the flexibility under the Omnibus Reconciliation Act of 1981 to

consolidate YCCIP with YETP.) The majority of the youth who participated in these programs were 16 to 19 years old.

In fiscal 1982, as in other years since the inception of these programs in 1977 actual enrollments ran well above the planned levels. YETP, which provides work experience, counseling, and occupational career information, served 238,457 participants, 47.0 percent of whom were white, 38.6 percent black, and 10.7 percent Hispanic. Of the 211,411 participants who left the program, 34.2 percent returned to school, and 16.6 percent entered unsubsidized employment. Approximately 23,980 or 12.5 percent of the job placements were in the private sector. Some of the terminees from YETP went into advanced training or experienced other affirmative outcomes. (Since activities operated previously under YCCIP — a highly labor intensive program primarily for high school dropouts — were allowed under YETP, data include YCCIP statistics.)

Approximately 757,082 youth participated in the SYEP in fiscal 1982. SYEP provides youth an opportunity to learn and earn during the summer months through work experience and vocational exploration. In addition to the \$685,155,047 initially allocated to prime sponsors for SYEP, an additional supplemental appropriation bill signed by the President increased the total funds for SYEP by \$45,000,000. These additional funds were used to extend the length of summer youth programs, increase the hours of programs that may have been operating at less than the maximum number of hours permitted, or to create opportunities for additional summer youth.

An additional \$7.5 million in discretionary youth funds was also granted to 20 prime sponsors with large youth populations and higher than average unemployment. These funds helped local governments find additional jobs and training assistance for disadvantaged youths and augmented their summer jobs programs.

Jobs Corps, another program for youth authorized under title IV of CETA served approximately 80,000 new enrollees (which translates into 40,000 service years) in fiscal 1982.

With the support of the General Accounting Office and the Department's Office of the Inspector General, ETA undertook a number of efforts to improve the quality and cost effectiveness of Job Corps. These included management actions to make the program more effective and efficient such as revising procurement procedures to ensure that center contracts are competitively bid and that procurement practices are sound; examining all areas of the program for unit cost reductions, developing performance standards for Job Corps center operators, and

carefully assessing evaluations of the effectiveness of the program.

Programmatic accomplishments included development of competency-based curriculum materials for a majority of the program's vocational offerings and provision of training to Job Corps center staff.

Private Sector Initiative Program

The Private Sector Initiative Program, or PSIP (title VII of CETA), served approximately 133,925 persons in fiscal 1982 at a cost of about \$241.8 million. This represents a cost of \$1,805 a participant. The highest percentage of program expenditures (nearly 51 percent) was in classroom training which served a total of 61,512 participants. On-the-job training programs in which 42,066 participants were enrolled, accounted for over 18 percent of the expenditures. The categories of other activities and services to participants were responsible for over 30 percent of the PSIP expenditures. Almost all program participants were disadvantaged (96.4 percent at the end of the third quarter of fiscal 1982) and many had additional employment handicaps such as being older workers, youth, offenders, and displaced homemakers. Nearly 24 percent of the participants were receiving public assistance when they were enrolled in PSIP.

PSIP started as a demonstration program in the last quarter of fiscal 1979. Private Industry Councils (PIC's) were established in each prime sponsorship and are composed of a majority of business representatives. PIC involvement in training the economically disadvantaged for jobs in the private sector proceeded from the initial stage through three full years of operation. Each year, local and State programs reflected increased private sector involvement. By virtue of PIC membership composition and increased PIC influence over other CETA programs in many communities around the country, PSIP:

- improved the quality of workers entering the job market through coordination and cooperation between employers, local educational agencies, organized labor, and community-based organizations and provided program participants with effective job search skills;
- included planned job creation in economic development projects where not previously a part of the planning process;
- increased small business involvement in employment and training programs through individualized small business internships;

- provided job mobility to some individuals in dead-end jobs while opening entry-level and retraining opportunities for others;
- increased the variety of occupations available to participants;
- improved employers' perception of government employment and training programs and participants and informed employers of additional business incentives available to them for hiring participants; and
- improved local labor supply and demand information.

The PSIP concept showed such potential that it had a significant impact on the development of the Job Training Partnership Act.

Special Targeted Programs

In fiscal 1982, the Department continued to provide training and other employment-related services to disadvantaged groups in the labor market. Special programs served older workers, Indians and other Native Americans, and migrant and seasonal farmworkers.

The Senior Community Service Employment Program provides grants to national organizations and State governments to develop part-time jobs in community work for poor persons aged 55 and older. In fiscal 1982, over 54,200 older persons were provided employment through the program with an appropriation of \$277.1 million.

The Native American Employment and Training Program provides grants to Indian tribes, other Native American communities, and various organizations to support a wide variety of training and employment services. These programs served about 35,000 persons in fiscal 1982; almost 10,200 persons received classroom training; 2,800 were placed in on-the-job training; 8,800 were in work experience positions; 6,300 held public service employment jobs; and 7,000 received services at a cost of \$69 million.

The Migrant and Seasonal Farmworker Program provides services ranging from job training to emergency relief for migrant and other seasonally employed farmworkers. In fiscal 1982, an estimated 48,190 persons were served by the program at a cost of slightly over \$70 million. Approximately 11,470 of these individuals received classroom training; 2,580 were placed in on-the-job training, and 2,040 were provided work experience. Many also received supportive services such as nutritional assistance, health and medical care and emergency assistance.

Special National Level Programs

In fiscal 1982, Special National Programs were reduced in scope, more sharply focused on meeting the needs of individuals with disadvantages in the labor market, and targeted to better address existing skill shortages in the economy. In addition, there was a significant increase in the number of competitively awarded contracts for employment and training activities under this program category.

Contractors of Special National Programs placed an estimated 11,500 individuals in unsubsidized private sector jobs at a cost of about \$650 to \$5,000 a placement. Most of these individuals were economically disadvantaged and members of minority groups. Many were also women or handicapped.

It is estimated that in fiscal 1982 national sponsors of programs for the handicapped served over 6,600 individuals, resulting in the placement of over 4,000 in private sector jobs at an average cost a placement of from \$650 to \$2,000. Nearly all of these individuals were economically disadvantaged, and close to 40 percent, minorities or women. In addition, a variety of conferences, seminars, publications and other information was provided to private employers and other individuals to promote employment of the handicapped in the private sector.

Another program provides participants with linguistically tailored classroom instruction, counseling, job development, and employment-related services. In fiscal 1982, an estimated 1,000 of the project's participants were placed in unsubsidized jobs at a cost of approximately \$600 for each placement. All enrollees were economically disadvantaged, almost all minorities, and nearly 40 percent women.

The regular national on-the-job training program enrolled an estimated 3,500 persons in training for skilled, well-paying private sector jobs in fiscal 1982. These opportunities were made available mainly through national level employer associations and unions, included OJT programs in the construction industry, the automotive industry, and the service industry, and addressed skill shortages in the machine tool industry and in tooling and precision machining. It is estimated that about 2,800 of those enrolled in training were placed in jobs. Most of them were economically disadvantaged, about 25 percent women, 40 percent minorities, and 15 percent veterans. Most of the jobs paid over \$5 per hour.

Late in the fiscal year, contracts in two program categories—on-the-job training and targeted outreach — were awarded on a competitive basis. Under the on-the-job training competitive awards, eight contractors will provide training for

over 2,100 economically disadvantaged individuals or displaced workers which is expected to result in the placement of over 1,800 at a projected cost per placement of less than \$2,100. These programs will be operated in seven States. Under the targeted outreach competitive awards, three contractors will place almost 2,100 minorities and women into apprenticeable occupations at a projected cost of \$1,203 a placement.

In three categories of partnership programs, a variety of activities was conducted for the purpose of strengthening the employment and training delivery system by improving the level and participation of business, labor, and community-based organizations.

In fiscal 1982, a program of small business workshops was conducted on a demonstration basis by local Chambers of Commerce, banks, and private industry councils in six locations: statewide N.H.; Detroit, Mich.; Louisville, Ky.; Salt Lake County, Utah; New Orleans, La.; and Danville, Ill. An estimated 1,250 individuals are expected to use the self-paced multimedia training materials developed for the project, and 625 of them are expected to complete plans to start their own businesses.

Apprenticeship

During fiscal 1982, the Bureau of Apprenticeship and Training (BAT) continued its primary role of providing technical assistance and advisory services to sponsors and potential sponsors of apprenticeship programs. Work was performed by direct contact with private sector employers, employer associations, and labor organizations at the local community, State, and national levels. Effective training methods and apprenticeship standards were published and activities coordinated with those of other public and private agencies concerned with skill resource development.

Emphasis was placed on improving the quality of apprenticeship training. A nationwide program was initiated to conduct a comprehensive review of the quality of existing registered apprenticeship programs. Seventeen hundred programs were reviewed utilizing a uniform procedure and standardized rating factors. Based upon these reviews, improvements were made in a substantial number of programs. A review and analysis of the quality review process was undertaken and modifications and refinements will be made in fiscal 1983.

The Bureau provided assistance to the Department of Defense in establishing apprenticeship programs for military

personnel. The number of military apprentices increased to about 29,000. About 2,100 new apprenticeship programs were developed and installed during the year. Approximately 1,200 programs were reviewed for compliance with equal employment opportunity requirements and 27 State apprenticeship agencies' operations were reviewed for conformance to requirements of apprenticeship registration authority recognized by the Secretary of Labor.

BAT published a revised list of occupations recognized as apprenticeable. The list includes 732 occupations with terms of training running from 1 to 10 years. Occupations added to the list in fiscal 1982 include field engineer; chimney repairer; assembler, metal buildings; fish and game warden; patternmaker, all-around; and model maker, metal.

The total number of registered apprentices receiving training during fiscal 1982 is estimated to be 400,000. The number of apprentices in training at the end of the year was about 237,000. Minority participation increased slightly from fiscal 1981's 18.4 percent to approximately 18.7 percent and female apprentices increased to 6.0 percent. Ten years ago women comprised less than 0.7 percent of all apprentices.

Work Incentive Program

During the first three quarters of fiscal 1982, the Work Incentive (WIN) program registered 711,000 individuals who were receiving or applying for Aid to Families with Dependent Children (AFDC). Nearly three-fourths of the registrants were women; a little more than half were minorities, and only 45 percent had graduated from high school. All are groups that have traditionally been at a disadvantage in the labor market.

More than 156,000 registrants entered unsubsidized employment in this 9-month period. Sixty-five percent of WIN job entrants were women who, like their counterparts in the mainstream labor force, tended to cluster in clerical and service work. Two-thirds of the female job entrants found jobs in those occupations. Men were more likely to find blue-collar work. A little more than one-fourth of the men took jobs as structural workers or in motor freight handling and transportation.

About three-fourths of the job entrants earned enough at job entry to leave the AFDC rolls after they started work; the others continued to receive some assistance, but at a reduced level.

WIN job entrants earned an average starting wage of \$4.33 per hour, but wages varied considerably among the different

groups. Men averaged \$5.14 an hour at job entry; women averaged \$3.90. The highest rate was paid to unemployed parents, whose average starting rate was \$5.26 an hour. About one-fourth of the male workers received an entry wage of \$6.00 or more an hour, a wage paid to only 1 in 20 women.

Differences in wage rates were at least partly a result of differences in the kinds of jobs entered by men and women. In general, highest wages were paid to WIN job entrants in structural work, in which large numbers of men but few women were employed, while both clerical and service occupations in which a high proportion of women found jobs, were relatively low paid.

WIN experienced major legislative changes in fiscal 1982. One of the most significant was the shift of some States from the regular WIN program to the Work Incentive Demonstration program, authorized by the Omnibus Budget Reconciliation Act of 1981. The demonstration programs are administered by the Office of Family Assistance (OFA) of the Department of Health and Human Services (DHHS), rather than jointly by the Department of Labor and DHHS, as the regular WIN program is.

By the end of the third quarter of fiscal 1982, 10 states had shifted from WIN to the demonstration program, and one other, Illinois, was scheduled to begin operation of a demonstration program in the fourth quarter. The 10 States operating demonstrations during the first three quarters were Arizona, Delaware, Florida, Maine, Massachusetts, Michigan, Oklahoma, South Dakota, Texas, and Oregon.

U.S. Employment Service

During the first three quarters of fiscal 1982 over 10,965,000 persons submitted job applications at the U.S. Employment Job Services offices, and 4,339,000 job openings were listed by employers, 3,331,000 (or 77 percent) of which were filled.

The average wage of job openings received during the first 9 months of fiscal 1982 was \$4.84 an hour. It was \$4.42 during the same period in fiscal 1981. The average wage of openings filled through June 1982 was \$4.85 an hour, 11 percent higher than it had been the previous year.

During fiscal 1982, USES sought to increase the involvement of the private sector in helping jobless Americans find work. A major effort was made to encourage the organizing, strengthening, and maintaining of Job Service Employer Committees (JSEC). A JSEC is composed of a group of employers

who join together to provide a link between the Job Service and the employer community and to recommend changes designed to improve Job Service performance. More than 22,000 employers are now members of 1 067 JSEC's throughout the United States. These employers give more than 150,000 volunteer hours each month to help the Job Service improve its delivery and service capability to applicants and employers.

In the counseling and testing area, a new method of using aptitude tests to identify applicant qualifications for jobs, known as validity generalization, was pilot-tested in North Carolina. The results are promising in terms of significant increases in local office productivity (placements per staff year) and in employer job orders. Based on these results, plans were made to expand the technique to other States. Additional developments in occupational testing during fiscal 1982 included publication of new tests of occupational interest and aptitude for use in vocational counseling.

Staff of Job Service offices continued to have special responsibilities that concern the Targeted Jobs Tax Credit (TJTC), alien employment certification, and trade adjustment assistance. Here are accomplishments in these areas:

Job Service offices issued a total of 162,488 certifications under the Targeted Jobs Tax Credit during the first three quarters of fiscal 1982. These were issued to employers who had hired worker from one of the eligible groups. The Tax Equity and Fiscal Responsibility Act of 1982 amended the tax credit to include among other provisions a new target group of low-income youth who are hired during the summer and extended TJTC through December 1984.

The Immigration and Nationality Act requires the Secretary of Labor to ensure that the admission of aliens for permanent employment will not adversely affect job opportunities, wages, and working conditions of U.S. workers. The most recent statistics (for fiscal 1981) show that of the total of 32,983 applications received, 25,763 labor certifications were granted. As in the preceding year, about one-third of the certifications were for jobs in professional and managerial occupations.

A particular emphasis in fiscal 1982 concerned the provision of reemployment assistance to those workers certified as eligible for benefits under the Trade Act of 1974 because increased foreign imports were an important cause of their being separated from their jobs. The 1981 Trade Act amendments placed increased emphasis on the provision of training, job search, and relocation assistance. During the year, 25,693

workers from 242 firms were certified as eligible to apply for trade adjustment assistance. Of these, 4,100 entered federally financed training, 290 received job search allowances, and 315 relocated to another area. Some 1,925 completed training and 720 of them were placed into jobs on completion of training. Another 2,700 individuals were placed directly into jobs. Many workers eligible for trade adjustment assistance had individually tailored reemployment plans developed for them by Job Service staff. (See UI section below for statistics on workers collecting trade readjustment allowances.)

During the year, USES was also concerned with the reemployment of Federal employees and an interstate job matching system which can be used by employers as well as jobseekers.

The former effort was a joint venture with the Office of Personnel Management under which a job referral service was established for Federal workers impacted by reduction-in-force or agency closures. The service, which operated from June 1981 to June 1982, provided job leads to over 1,500 persons and job placements for 165 workers.

Approximately 5,000 applicants and 4,000 employers used the nationwide automated job-matching network during fiscal 1982. The network is made available to jobseekers and employers through the USES Interstate Clearance System and helps to correct labor market supply and demand imbalances. Late in the fiscal year, USES began modifying the system so that it could meet the special needs of mass layoffs and emergency preparedness.

Service to Veterans

Across the country, over 2,000 local Job Service offices are responsible for giving priority to veterans in counseling, aptitude testing, job development, referral and placement activities. In the first 9 months of fiscal 1982, Job Services received about 1,401,335 new and renewed applications from veterans and placed about 303,335 veterans (21.6 percent) in jobs.

Established by legislation as a permanent program and inaugurated by approximately 2,000 disabled veterans, the Disabled Veterans Outreach Program (DVOP) helps disabled and Vietnam-era veterans obtain employment and training assistance. DVOP staff are assigned to local Job Service offices and contributed to the job placement of 17,622 disabled veterans through June of fiscal 1982. (Responsibility for the administration of the DVOP program was transferred to the Office of the Assistant Secretary for Veterans Employment in May 1982.)

Unemployment Insurance

Fiscal 1982 saw the continued strengthening of program content and administration begun in 1981. Special emphasis was placed on State agency improvements in the prevention and detection of fraud, abuse, and waste. Programs were also developed to improve collection of overpayments.

A new program of Federal Supplemental Compensation (FSC) was included in the Tax Equity and Fiscal Responsibility Act of 1982, signed by the President on September 3, 1982. First effective under State agreements beginning Sept. 12, 1982, the FSC program was expected to reach 2.3 million long-term unemployed and to pay \$2.2 billion in benefits in the period of the law, ending Mar.31, 1983. Benefits were to be payable in all States, ranging from 6 to 10 weeks, depending upon the level of insured unemployment in each State.

During the first 10 months of fiscal 1982, 25 million initial claims were filed in the State employment security agencies (SESA's). One hundred sixty-six million weeks of unemployment were claimed and \$16.3 billion was paid out in benefits to almost 10 million recipients.

Improving internal security in SESA's continues as a major emphasis in the drive to curb fraud and abuse. The findings of regional office and SESA completed reviews of internal security and control in UI operations are being analyzed by the national office. As a result, recommendations for improvement in operations as well as procedural revisions will be issued to all SESA's. SESA's are currently filling their staff allocations for internal security. During fiscal 1983, SESA's will be required to conduct risk analyses in accordance with the procedures and training furnished by the national office.

In their efforts to curb fraud and abuse, SESA's detected \$239.4 million in overpayments during the 12 month period from July 1981 to June 1982, an amount equal to 1.3 percent of benefits paid. During the same time, SESA's reported recoveries of \$116.4 million in overpayments. To control improper payments, the UIS-implemented random audit program is operational in 15 States. This audit program has been designed to produce valid rates of detectable overpayments or improper payments on a statewide basis and will serve as a management tool to identify problems and to take corrective action. It will be expanded to another 20 States in fiscal 1983.

In spite of improvements in the financing structures of many State laws, continuing high levels of unemployment caused heavy drains on State UI funds as a whole. As a result, at the end of fiscal 1982, 20 States had outstanding loans total-

ing \$8.6 billion, compared to 17 States with aggregate loans of \$6.2 billion at the end of fiscal 1981. During the fiscal year, the States of Iowa, Missouri, and Wisconsin borrowed from the Federal Unemployment Account for the first time. Loans to States totaled \$3.2 billion, of which \$2.4 billion went to Illinois, Michigan, Ohio, Wisconsin, and Pennsylvania. During the same period, 13 states reduced their loans by \$823.4 million by repayment from State funds and/or reduction in employer tax credits against the Federal Unemployment Tax. New loans after April 1, 1982, became subject to interest charges as 1981 legislation became effective for the first time. Interest charges for the period April to September 1982 totaled \$13.9 million. Of this amount \$1.1 million has been repaid. The remainder is expected to be repaid in early fiscal 1983, or, if deferred under provisions enacted in 1982, over a period of 4 years. Deferred amounts are treated as new loans, added to the State's outstanding loan balance, and charged interest.

The Continuous Wage and Benefit History (CWBH) project was expanded from 14 to 17 States as a move toward national representation during fiscal 1982. CWBH plans to expand to 20 States to achieve national representation in fiscal 1984. CWBH is beginning to implement the State-Federal Policy Committee recommendations on State performance criteria and has successfully implemented the Committee's new questionnaire. The fiscal 1983 budget has limited CWBH to maintaining the existing 17 States and focusing on State performance.

Under the Redwood Employee Protection Program (REPP) \$69.1 million has been paid to affected workers in weekly layoff benefits and severance payments since the beginning of the program. In fiscal 1982, affected workers were paid benefits for 53, 823 weeks for a total of \$14.3 million. Severance payments were made to 650 workers totaling \$9.9 million. Twenty-two relocation and job search claims were paid for a total of \$57,194.

Under the Disaster Unemployment Assistance (DUA) program during the first 10 months of fiscal 1982, there were 10 major disasters declared in 8 different States. There were 6 disasters during all of fiscal 1981. Some 2,536 individuals received DUA during the 10-month period, more than double the number of recipients in fiscal 1981. DUA benefits totaled \$733.471 for the current period, up 10 percent over the corresponding total for fiscal 1981.

During fiscal 1981, 281,073 workers received first payments of trade readjustment allowances (TRA); a total of \$1.4 billion in TRA benefits was paid to eligible workers. Effective Oct 1,

1981, the trade adjustment assistance (TAA) program was amended to require workers to exhaust their unemployment insurance benefits before receiving TRA and reduced the TRA benefits to the same level as the weekly benefit amount payable under State unemployment insurance programs. TAA data through June 30, 1982, shows that 22,497 workers affected by imports received TRA first payments; a total of \$82.9 million was paid in TRA benefits during this period. (See also USES and TAA sections of this report.)

Trade Adjustment Assistance

The Office of Trade Adjustment Assistance (OTAA) conducts investigations of worker petitions in behalf of the Secretary of Labor to determine the eligibility of workers for trade adjustment assistance under the Trade Act of 1974.

In fiscal 1982, investigation time and decision writing on worker petitions for adjustment assistance were influenced significantly by amendments to the Trade Act contained in the Omnibus Budget Reconciliation Act of 1981.

Efforts were made by OTAA to reduce petition processing time to bring it closer to the 60 days provided in the Act and to reduce the backlog of petitions in the Department. Priority attention was given to older petitions to ascertain whether decisions could be made without further investigative effort. Other actions were instituted to compensate for reduced staff such as use of computer techniques to help screen petitions, thereby reducing labor intensive analysis activities. Also, a greater proportion of the staff was assigned to petition investigation and decision writing.

Because of these actions and a reduced number of petitions filed with the Department, the backlog of cases decreased during fiscal 1982 to 632 from 1,380 a year earlier—a 54 percent decline.

Other statistics for the year: 2,368 worker petitions were processed by OTAA; 809 petitions were instituted; 242 were certified or partially certified; 1,258 were denied and 59 terminated. Nearly 25,700 workers were certified as eligible to apply for trade readjustment allowances, employability services, training, job search, and relocation allowances. The number of workers covered by petitions that were denied was 136,485. (Responsibility for administering TAA benefits and training allowances is shared by the UI Service and the USES. Information on these benefits is included in their sections of this report.)

Planning and Policy Analysis

In 1982, ETA's Office of Planning and Policy Analysis (OPP) had major responsibilities for ETA's policy activities, legislative initiatives, regulatory reform efforts and emergency preparedness functions.

Much of the activity focused on the development of new job training legislation to succeed CETA. Staff prepared policy papers on the full spectrum of issues related to the service delivery system, payment of allowances, displaced workers, and activities to be allowed under the new law. These papers provided background for the development of the Administration's bill and discussions with Congress. The efforts culminated in enactment of the Job Training Partnership Act of 1982. Other activities of the office included the following:

- To carry out the mandates of the Regulatory Reform and Paperwork Reduction Acts, OPP developed a system designed to reduce the number of ETA regulations, simplify regulatory language, and reduce recordkeeping and reporting requirements. Designated as ETA's central coordinator for the regulatory reform system, OPP has been the clearance point within ETA for proposals that have identified for recission several hundred pages of outdated and redundant regulations.
- A major fiscal 1982 accomplishment in the emergency preparedness area was the preparation of a human resources policy directive signed by the President on July 22, 1982 (National Security Decision Directive Number 47). ETA through OPP, had an active role in the development of that statement, with ETA's Assistant Secretary chairing the interdepartmental working group where plans for the human resources policy were developed.
- Throughout the year OPP provided analytic support on various issues to the Assistant Secretary and other key ETA policy officials. One primary task involved analyses of the effectiveness of the Targeted Jobs Tax Credit as part of the joint DOL/Treasury report to Congress and as part of Congressional deliberations that resulted in extension of the credit.

Research

Research efforts focused on economic and social issues, including labor market studies on specific population groups, program development and improvement, and the exploration of alternative strategies for addressing labor market problems.

The National Longitudinal Surveys (NLS) continued producing reports of findings on the labor market experiences of selected groups of workers during critical periods of their work-lives. A 10-year followup report was made on young women ages 24 to 34. This group is notable for its very high rates of employment compared with those of its predecessors. A 10-year followup report was completed on women ages 40 to 54, concentrating on their labor market reentry decisions. Another NLS report explored the economic, social, and psychological factors responsible for variations in the employment, earnings, and skill acquisition of young men and women ages 15 to 22.

Special labor force groups were the object of several other studies on the labor market problems and needs of women, Hispanics, Chinese Americans, and disabled veterans.

With accelerated structural economic change in 1982 came increasing concern for workers dislocated from long-held jobs. The Downriver Community Conference demonstration continued to retrain and place the unemployed, and new displaced worker demonstration program sites were established in six areas where workers were suffering the effects of layoffs.

Research in support of program development and improvement and management assistance and training anticipated transition to new job training legislation, a need to deliver program services more efficiently, and a need to improve the long term job placement performance of employment and training programs.

Progress was made in establishing Job Service demonstration offices, where ideas for improving service delivery can be quickly and inexpensively tested. One project undertaken by a demonstration office involved testing ways to reduce Job Service staff time required to process job applications, thereby freeing staff to perform job development. The demonstration, which utilized a new application form for self-completion, was successful in reducing staff time and the estimated resulting cost saving were significant. It also reduced the number of incorrect, incomplete, or missing items of information. In addition, placement rates improved during the period the project was in operation.

Research projects exploring exemplary job training programs and private sector on-the-job training sought ways to build involvement of the private sector in guiding training programs and in training and hiring participants. Stimulating and supporting new small business private sector job creation was the subject of another R&D effort.

Research was completed on the effects on the labor market of policies to combat inflation, on the effects of Department of Labor programs on industrial productivity, and on changing State occupational licensing practices.

Strategic policy studies begun in fiscal 1982 are concerned with the measurement and improvement of private sector productivity, the impact and implications for the economy of new technology, and the impact of macroeconomic policies on the labor force.

Evaluation

Principal evaluation projects during the year examined the effects of the 1978 CETA reauthorization amendments, particularly the extent to which the amendments were successful, as intended, in tightening CETA administrative controls and targeting program enrollment more sharply to the more disadvantaged. Other projects concerned such matters as the Targeted Jobs Tax Credit program, selected activities of the Work Incentive program for welfare recipients, and special planning/programming for offenders.

The 1978 CETA amendments established a special title (title VII) to increase involvement of the private sector in the planning and delivery of training services for the disadvantaged. The title provides for local Private Industry Councils (PIC's), made up primarily of business representatives, to plan and guide activities under the Private Sector Initiative Program (PSIP).

An evaluation of PSIP development in 1979-81, based on a field study of 25 sponsor sites, described the varying ways the program evolved in different settings and analyzed factors aiding and limiting its progress. Finding that patterns of PSIP development varied greatly by locality, the report emphasized that gaining wide support and cooperation is generally a gradual process. Businesses are attracted mainly by evidence of practicality and value, and such evidence takes time to accumulate and become known.

A major evaluation of the 1978 amendments assessed the effects of these and other changes by having local analysts examine the 1979-80 experience of a sample of local CETA sponsors. The study found that the amendments broadly tended to constrain local prime sponsor flexibility and had little effect on sponsor placement procedures or organization. Whereas the requirements for controls and liability for shortcomings in eligibility determination and financial administration substantially achieved the Congressional objective of making CETA

managers devote more attention to protection of the system's integrity, they added considerably to the burdens of program managers.

Under the 1978 CETA amendments, each prime sponsor was directed to establish an "independent monitoring unit" (IMU) to monitor its local programs. A field evaluation conducted by ETA staff in 1981 concluded that the requirement of an IMU generated more structured monitoring than in earlier years and substantially greater local sponsor commitment to conduct meaningful monitoring of programs they manage.

Periodic reports from the Continuous Longitudinal Manpower Survey (CLMS) provide detailed data on enrollees in the decentralized CETA programs, basically specifying the number of enrollees, their demographic characteristics, and their preentry employment and earnings, with brief narrative highlights and background explanation. The two most recent reports indicated, among other things, that in fiscal 1980 approximately 1.9 million individuals were newly enrolled in CETA; over half (52 percent) of the nonsummer enrollees were black, Hispanic, or of another minority group; including the summer programs, 70 percent of all enrollees were under the age of 22 (excluding summer programs, 30 percent were youth); as many women were enrolled in adult-oriented programs as men but the proportion differed by type of activity; about 48 percent of the families of new enrollees were receiving some type of public assistance; and in the year before CETA entry, median earnings of enrollees had been \$1,120, with 78 percent earning less than \$4,000.

The Targeted Jobs Tax Credit (TJTC) program, started in 1979, sought to induce employers to hire from seven "targeted" groups that experience severe employment difficulties. A report, based on a field study of 25 areas in 1980-81, evaluating how TJTC was applied in practice, found that few changes had occurred in the summer of 1981 from preceding practices. It concluded that, as designed and administered before amendments made late in 1981, TJTC generally had neither been promoted by the administering agencies nor used by employers in ways, or to the extent, that had been expected.

Three of the year's evaluation studies examined various aspects of the Work Incentive (WIN) program for welfare recipients. One study, conducted at five demonstration sites, examined the ability and cost of WIN to expand operations to serve its entire registrant population. A second study took a look at the Intensive Employability Services, the WIN activity that prepares "job-ready" registrants in job search methods. The third endeavor produced information on the characteristics of

the child-care program of WIN Separate Administrative Unit (SAU) offices and the clients they serve.

In 1979, the Employment and Training Administration gave 42 CETA prime sponsors small planning grants to increase the participation of criminal offenders in CETA programs. An assessment of the impact of these competitively won grants revealed that the consequent activities conducted by the grantees varied widely. Some concentrated on planning tasks and efforts to join with kindred agencies to assist offenders while others emphasized direct services, largely special outreach efforts and motivational or "job readiness" training.

Management Assistance and Training

Despite cutbacks in management assistance and training (MAT) staff and funds at the national and regional office levels during fiscal 1982, efforts in this area resulted in the implementation of improved MAT procurement and fiscal accountability; development and delivery of courses by regional offices and State/local jurisdictions; initial preparation of national and regional staff to implement training and prepare new program operations in anticipation of new job training legislation; and the overall improvement of MAT systems management.

Specific accomplishments were the following:

1. Development of two management tools for the MAT system: (a) a management information system to keep the national office informed of activity in the field and (b) a technical assistance guide for evaluating training courses.

2. Two additional regional offices installed MAT clearinghouses bringing the total with clearinghouse to 9 (out of 10).

3. A training course on contract monitoring was developed and delivered to national office federal representatives. MAT funds were also used to

- strengthen ETA's grant audit and closeout operations,
- develop a contract control system for the national office,
- develop performance standards for various ETA grant programs and contracts, and

- continue the provision of technical assistance at the grantee level through the support of local training institutes.

4. Preparation to support transition to new legislation included the following:

- training for national office staff who will be writing regulations for new legislation,

- a review of all the materials in the MAT clearinghouse to determine relevancy to new legislation

- completion and tentative budgeting of draft training plans in order to prepare program operators as soon as possible following the passage of legislation.

5. Coordination with the regional offices resulted in:

- transition planning preparedness that included the readiness to support transition training in all 10 of the regional offices,

- a survey of the field, via regional offices, to determine MAT needs for the transition year and thereafter.

While many MAT needs will be provided by ETA during the initial transition stages, the strategy is to prepare the States to take a major role quickly in providing MAT to service deliverers.

Special Review

In fiscal 1982 the Special Review Staff redirected its efforts to emphasize review of nationally administered programs. Because of severely limited travel funds, field review was restricted to grants with alleged major problems.

Criteria and procedures were developed and implemented to identify problems disclosed in individual grants through the audit, closeout, debt collection, and complaint system. The information so generated was used in the preprocurement process to resolve the payment of outstanding debts before new grants were issued. The new grants carried conditions to assure that debt collection agreements would be adhered to and that identified administrative problems would be corrected.

Audit Resolution, Contract/Grant Closeout

ETA has as a basic objective the resolution of all outstanding audits and the elimination of backlogged contract/grant closeout activity.

During fiscal 1982, the agency resolved 252 audits of contracts and grants, thereby establishing a debt to ETA of \$21.9 million. (One hundred and eighty-four of these audits were appealed to a Labor Department administrative law judge.) In the same period, 505 contracts/grants were closed out.

Federal revenues are enhanced through both audit resolution, which establishes debts owed the Federal Government, and contract/grant closeouts, as a result of which outstanding advances are collected.

Bureau of Labor Statistics

The Bureau of Labor Statistics took important steps toward improving the principal economic indicators for which it is responsible, even while trimming a number of programs in response to President Reagan's order to reduce staff and spending.

After encouraging and participating in wide-ranging discussions of the treatment of owner-occupied housing in the Consumer Price Index, the Bureau announced plans to change the CPI homeownership component to a rental equivalence measure. To assure public understanding of the action, the Bureau provided — in many forums — detailed explanations of the reasons for the change and the need for substantial lead time to protect contractual relationships involving CPI escalator clauses.

The Bureau continued the Producer Price Index revision—which has been under way for several years—and has now produced revised measures for 149 industries which together account for 42 percent of the domestic output in mining and manufacturing industries.

The Bureau continued to expand its program of productivity analysis and research. BLS staff developed new multifactor productivity measures including labor and capital and completed a new hours-at-work survey to supplement existing measures of hours paid.

The Bureau concentrated considerable resources on improving the quality and quantity of Current Population Survey data, which form the basis for the Bureau's analyses of the labor force. The Bureau also devoted major attention to the multiyear revision of the establishment survey of employment, hours, and earnings. Secretary Donovan accepted the recommendation of the National Commission on Employment and Unemployment Statistics that the Bureau publish labor force and employment data that include the Armed Forces stationed in the United States.

Major enhancements to the Employment Cost Index—newly designated by the Office of Management and Budget as a principal Federal economic indicator—included the addition of measures of compensation change for the civilian nonfarm economy, development of index numbers for all published ECI series, and release of private sector compensation change measures by bargaining status and area size.

Working with the Departments of Commerce and Defense, the Bureau assessed the occupational employment requirements

of the buildup in defense expenditures. The Bureau issued improved data on occupational employment by industry and published the 1982-83 edition of the *Occupational Outlook Handbook*.

Based on an annual survey of employees, the Bureau published national estimates of occupational injuries, illnesses, and fatalities.

Commissioner of Labor Statistics Janet L. Norwood continued to respond to calls by the Joint Economic Committee and other congressional committees for testimony on the economy.

In response to President Reagan's order to cut spending by 12 percent, the Bureau reduced its budget request from \$123.4 million to \$108 million and took the following actions:

- Eliminated the Labor Turnover Survey program
- Delayed the redesign of the Current Population Survey which was to take account of 1980 Census changes
- Eliminated the May Current Population Survey supplement on multiple jobholding
- Reduced the number of households added to the Current Population Survey to improve Local Area Unemployment Statistics
- Eliminated research to improve State and local area unemployment statistics
- Eliminated the Family Budget program
- Eliminated rebasing of Consumer and Producer Price Indexes to 1977=100
- Eliminated the Consumer Price Index for Fairbanks, Alaska
- Reduced pricing samples for the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)
- Eliminated the rural sample for the Consumer Expenditure Survey
- Delayed the planned revision of the Producer Price Index
- Delayed the planned completion of Export and Import Price Indexes
- Reduced sharply the coverage for Work Stoppages statistics (Coverage now will be limited to strikes covering 1,000 or more workers.)
- Eliminated five Industry Wage Surveys
- Eliminated analysis of Collective Bargaining Agreement provisions
- Eliminated the *Directory of National Unions and Employee Associations*

- Eliminated the survey of labor and materials requirements in the construction industry
- Reduced the economic growth and occupational outlook program
- Reduced the number of occupations in the *Occupational Outlook Handbook*.

The Bureau implemented these program reductions in an orderly manner so that regular production of major series could continue. Despite resource retrenchment, the Bureau pursued initiatives essential to maintain the high quality of its data.

Staff in the Bureau's Office of Survey Design made considerable progress in developing general statistical methods and in improving sample selection and specifications for many of the Bureau's surveys.

The Bureau made its principal news releases available electronically, permitting the press and other users to gain access to the data via computer terminals immediately upon release. Through use of other new technology, the Bureau has shortened production time for a number of its publications, while reducing the incidence of errors.

Prices and Living Conditions

In 1982, all major economic price indicators were released in accordance with procedures established by the Office of Management and Budget. Approximately 2.3 million copies of printed materials were distributed in response to more than 600,000 recorded requests for data and other information. These figures exclude an extremely heavy correspondence and analysis workload in response to written and telephone requests from the Congress, policymaking agencies in the Executive Branch, private businesses, labor, and the general public.

A program to develop an improved measure of rental equivalence costs of owner occupied housing was begun in fiscal year 1982. As announced by the Commissioner, a new rental equivalence measure will replace the current homeownership component of the Consumer Price Index for All Urban Consumers (CPI-U) in January 1983; the change to rental equivalence is scheduled for January 1985 for the Consumer Price Index for Wage Earners and Clerical Workers (CPI-W).

The program to update the CPI outlet sample in one-fifth of the CPI pricing areas was completed on schedule in 1982 and will continue next year.

The revision of the Producer Price Index program continued; publication of revised indexes utilizing scientific samp-

ling and data collection techniques expanded from 98 industries in 1981 to 149 in fiscal 1982. This effort will expand coverage in 1983 to 243 industries supported by 55,000 price quotations per month.

In the international price program in fiscal 1982, publication of indexes for exports was expanded from 65 percent to 70 percent of the value of products exported from the United States. Price indexes for imports were expanded from 65 percent to 96 percent of the value of products imported into the United States.

The expansion of coverage was obtained at the expense of level of detail. Because of the change in funding for this program, it was decided to reduce the level of product detail for both export and import indexes in order to cover 100 percent of the value of products in U.S. foreign trade. Instead of publishing the approximately 660 detailed and aggregate commodity indexes for both exports and imports as originally planned, the program's current objectives are to publish only about 470. Expansion to 100 percent of the value of products in U.S. foreign trade, at revised levels of detail, will be completed in fiscal 1983.

Development of the computer system for the review, analysis, and publication of information from the Consumer Expenditure Survey (CES) proceeded on schedule during 1982 and will be completed in 1983. Data from the diary component, which surveys frequently purchased items as part of the larger CES program, were developed in 1982. Estimates of expenditures from the diary survey will be published in 1983 and thereafter as part of regular publication of data from this program.

During fiscal 1982 a major endeavor was the implementation of budget reductions included in the President's fiscal 1982 revised budget while continuing to produce accurate and timely measures of price change. Each of the programs of the Office of Prices and Living Conditions decision unit experienced major changes. These included:

- Eliminating the independent sample of prices used to calculate the CPI-W
- Eliminating the CPI for Fairbanks, Alaska
- Eliminating all developmental work on new indexes for the service sectors of the economy for Producer Prices and Price Indexes with the completion of the expansion of telephone industry coverage and the introduction of indexes for postal services

- Eliminating resources to produce International Price Indexes at more detailed levels than the program will now publish
- Eliminating for fiscal 1982 coverage of the rural population in the Consumer Expenditure Surveys program, and
- Eliminating the family budget program after publishing the Four Person Family Budget in April 1982 and the Retired Couple's Budget in August 1982.

Employment and Unemployment Statistics

The Bureau gave major attention to several aspects of the multi-year revision of the establishment survey of employment, hours, and earnings. BLS staff conducted two initial surveys—Employer's Record Analysis and Employer's Perception—and analyzed results in order to provide direction for other revision activities. In addition, the installation of a centralized computer system for processing State estimates was successfully implemented.

Based on data collected through the Occupational Employment Statistics (OES) Survey, the Bureau developed industry-occupational employment estimates for the manufacturing sector of the economy. Work was completed on a redesigned occupational structure for the OES program based on the new Federal Standard Occupational Classification system. Staff developed survey questionnaires and provided them to cooperating States for the 1982 OES survey of Transportation, Communications, Utilities, Trade, and Government.

Efforts on the employment and wage program (ES-202) focused on the implementation of improvements that will help alleviate problems of staff shortages in cooperating State agencies. A newly developed form requests employers to verify existing information on their products and services. This process ensures that key industry data published by States and by BLS reflect actual changes that occur in the economy. This new form replaces an open-ended form and will greatly reduce respondent burden as well as staff review time in the States. In addition, State agencies can use existing edits, thereby allowing their staffs to concentrate on other areas of the program.

Publication resumed for annual employment and wage data. To determine hospital cost reimbursements under the Medicare program, the Health Care Finance Administration will use the new hospital industry wage indexes that were developed for all Standard Metropolitan Statistical Areas (SMSA's).

The Bureau completed efforts to access State and area labor force data from the 1980 Census. Staff developed extensive plans for using 1980 Census labor force data obtained via a telecommunication link to conduct a thorough review and analysis of current procedures for estimating State and area unemployment. A new method for estimating unemployment in metropolitan areas has passed preliminary tests.

The Bureau used new computer software to develop the 1981 edition of *Geographic Profile of Employment and Unemployment*. Computerization will lead to substantially earlier issuance of this publication in future years.

As part of the Bureau's effort to identify the costs of the cooperative programs in the labor market information program, staff designed and implemented a survey of the operation and costs of the Employment and Training Administration's 5-210 program.

The Bureau completed the major portion of work required to automate storage and retrieval of statistical data which are used for research and publication. This new tape-to-disk system of processing CPS data facilitates, among other things, the automated production of State CPS data in the monthly Employment Situation press release.

Initial incorporation of 1980 Census data into the Local Area Unemployment Statistics (LAUS) estimates was accomplished with the use of data beginning with the 1982 benchmark cycle. Staff began using 1980 Census data in statewide youth population ratios and in population disaggregation of multi-county labor market employment. Data for areas of substantial unemployment needed for the administration of the Comprehensive Employment and Training Act (CETA) were provided to ETA on schedule.

The Bureau devoted a great deal of effort to improving the quality and quantity of Current Population Survey (CPS) data. Based on 1980 Census population controls, BLS staff revised all seasonally adjusted data series, as well as their unadjusted counterparts, from 1970 forward. The revised monthly seasonally adjusted series were published. In addition, work on development of a redesigned CPS proceeded with the Bureau of the Census and a consortium of Federal agencies.

The Bureau continued to meet the labor force data needs of persons in the press, business, academia, Congress, and government agencies. Analyses issued included the regular monthly summaries of employment and unemployment, as well as the special semiannual and annual reporting, plus quarterly reports on weekly earnings, women in the labor force, and minorities.

Special research projects resulted in articles on youth employment, occupational mobility, job tenure, trends in earnings of families, occupational employment in the 1970's, sex/earnings differentials, a guide to seasonal adjustment of labor force data, and employment in the service and agricultural sectors of the economy, among others. Also, staff completed two data books, one providing historical data for several thousand labor force series and the other on CPS "gross flows" data. The Bureau published its first report examining the extent of various employment problems and their effect on family income (hardship).

As part of the President's 12 percent budget reduction, the Bureau eliminated the labor turnover series, reduced research and analysis related to local area unemployment statistics, completed a reduction in the size of the Current Population Survey, and eliminated the May CPS supplement that provided information on work schedules.

Wages and Industrial Relations

In 1982, major enhancements to the Employment Cost Index (ECI) included the addition of rates of compensation plus wage and salary change for the civilian nonfarm economy, which incorporated the existing private nonfarm data with new data covering State and local governments (also published as a separate series); the availability of index numbers (June 1981 = 100) for all published ECI series; and release of compensation change measures by bargaining status and area size in the private sector. The processing cycle for the quarterly press release was also shortened so that the release is now being issued one week earlier each quarter with further reductions in the cycle expected.

The Bureau delivered the annual survey of Professional, Administrative, Technical, and Clerical (PATC) pay a week ahead of time for use in the Federal pay comparability process. The survey is on an extremely tight production schedule that calls for a March reference date and an early July release of tabulations. During the year, staff did substantial research in developing survey efficiencies that permit adherence to the aforementioned deadlines under uncertain budget and staffing conditions. In the area of improving data quality, staff responded quickly to recommendations in the 1982 GAO audit report on the PATC survey; also, a new Job Match Validation mechanism will be in place for the next survey. The staff analyzed linkages between white-collar pay and corporate work force size in a May 1982 *Monthly Labor Review (MLR)* article.

The Bureau released its third annual report on paid leave and employee benefit plans in medium and large firms. The survey provides a unique source of comprehensive data on detailed characteristics of employee benefit plans—leave, pensions, and a variety of insurance—in private industry. Published results were expanded from 36 to 47 statistical tables that distribute plan participants according to the detailed provisions. The 1982 PATC survey again was the vehicle for collecting this year's benefits data; the number of new sample members, however, was held to a minimum and staff made more extensive use of phone collection to conserve resources. This program produced two special articles for the *MLR*—one describing the program and its output; the other, an analysis of disability benefits under retirement plans. Both articles appeared in the August 1982 issue of the *Review*.

As a result of extensive planning in conjunction with the Office of Survey Design, the Bureau has developed a feasibility test for integrating the benefits program with the Employment Cost Index. This will be the first phase of a comprehensive integration project to make the wage and benefit plans program more cohesive and cost effective.

The Bureau conducted area wage surveys in 70 areas under its regular program. For 22 of these areas, data were published for the first time on the proportion of workers "participating" in health maintenance and insurance plans. Staff had initiated collection of this information in 1980 and 1981 for the 48 other areas. An analytical article on changes in office workers' pay differentials among areas over the past 20 years appeared in the July 1982 *MLR*. Collection forms, instructions, and computer systems were redesigned for more efficient collection and publishing of data in 1983.

Under contract to the Employment Standards Administration, the Bureau conducted 86 area wage surveys and 104 special industry wage surveys for use in administering the Service Contract Act. The Bureau also developed plans for testing in 1983 the collection of data on government employee earnings in eight areas and on employer costs of employee benefits in one area.

Fiscal 1982 budget cuts reduced the industry wage survey (IWS) program by approximately 40 percent. As a result, three new industries scheduled to be introduced into the program this year were dropped and two other surveys were delayed until fiscal 1983. Annually, the program now will include 8 to 10 surveys—down from about 15 prior to the cut.

Long-range planning took place on two fronts: One for reconstituting the industry wage program in light of reduced resources; and the other, on how to make industry wage surveys a viable part of the office's plan for integrating its various wage and benefit programs. Comprehensive planning was also completed for a special survey of wages and tips for employees in the hotel and restaurant industries. Staff will conduct this study in the spring of 1983 for the Employment Standards Administration.

Photocomposition of IWS bulletins continues to trim an average 1 month from the time between survey reference date and publication. A system for photocomposing locality releases was developed in 1982 and will be tested in 1983. Improvements in both timeliness and print quality are expected.

Special research resulted in an article on methods of wage payment in manufacturing industries, which appeared in the May 1982 *MLR*. Before termination of the contract analysis program, BLS issued an analysis of union security provisions in major collective bargaining agreements.

The Bureau reduced the scope of the monthly series on work stoppages to cover only stoppages involving at least 1,000 workers. To put the new series in historical perspective, data were published on work stoppages involving at least 1,000 workers, going back to 1947. As an outgrowth of the widespread interest in strikes in public employment, staff prepared a special article, "Analysis of Work Stoppages in the Federal Sector, 1962-82," which appeared in the August 1982 *MLR*.

Data collection for the 1982 *Directory of National Unions and Employee Associations*, which was withdrawn from publication because of the budget cut, were provided to numerous people who telephoned or wrote for the information.

Quarterly publication of data on the size of major contract settlements—a principal economic indicator—reflected heavy collective bargaining activity and an unusually large number of workers affected by unscheduled contract reopenings in private industry. The Bureau implemented refinements in measuring unscheduled settlements and the effects of cost-of-living adjustments.

BLS issued data on the size of contract settlements in State and local governments on the regular semiannual schedule and reduced production time by 5 weeks compared to the previous year.

Staff prepared special articles on results and implications of collective bargaining in 1981, on analysis of wage and compensation changes in 1981, on pending collective bargaining in

1982, and on wage increases and cost-of-living reviews scheduled for 1982.

Productivity and Technology

BLS continued to strengthen and expand its program of measurement, analysis, and research in productivity and technology. Productivity measures for the United States have been increasingly in the news in the past year, and measurement and analysis of changes in this vital economic indicator have made important progress. To supplement existing productivity data, staff developed new multifactor productivity measures—which use both labor and capital inputs. These additional series will provide better understanding of changes in productivity movements. Using a sample selected by the Bureau's Office of Survey Design, staff also completed a survey to obtain information on hours at work in addition to existing measures of hours paid. The new data provide productivity measures based on improved labor information.

To augment the list of industries for which BLS publishes productivity data, the Bureau introduced new productivity measures for the millwork, cosmetics, office furniture, hand and edge tools, farm and garden machinery and equipment, pumps and compressors, and commercial banking industries. The Bureau now issues 116 separate productivity measures in the manufacturing, mining, transportation, trade, communication, and service sectors of the economy.

BLS refined and expanded the series on productivity in the Federal Government to cover 455 organizations, up 44 from 1 year ago. Staff developed indexes for fiscal years 1967 to 1981 for 28 functional groupings of Federal agencies representing 64 percent of the Federal civilian work force.

Staff updated trends in manufacturing productivity and labor costs for 11 countries during the year and completed estimates of the comparative levels of compensation of production workers in 33 countries and 34 manufacturing industries. In addition, the Bureau updated international comparisons of labor force, employment, and unemployment in nine industrial countries. These measures provide insights into the changing competitive position of the United States.

The Bureau studied the employment implications of automation and other technological changes and prepared reports appraising the impact of major technological changes on productivity, employment, and occupational requirements over the next 10 years in four additional major American industries.

Staff completed reports on Federal office building and hospital and nursing home construction as well as an article on the employment generating effects of construction expenditures. A report on retail stores and shopping centers is in preparation. These will be the final studies of construction labor and material requirements because the program has been eliminated as a result of budget reductions.

Economic Growth and Employment Projections

The Bureau has developed models to make medium- to long-range projections of GNP, industry output, and industry and occupational employment under alternative assumptions about Federal Government policies, labor force participation, unemployment rates, and other factors. A macroeconomic model provides estimates of GNP and its major components, including consumer expenditures, investment, government expenditures, and net exports. Various submodels distribute aggregate demand to detailed categories of demand and employment by industry sector. An input-output model is used in this process to estimate purchases each industry must make from other industries to support its own production. A projected industry-occupation matrix is used to translate industry employment requirements to occupational employment.

The projections provide insights into changes in the industrial composition of demand and employment by industry and occupation. They assist industry and State and local governments in anticipating changing market structures and in formulating their own medium and long-term plans. The occupational projections are designed primarily for use in career guidance and education planning and provide the data for the *Occupational Outlook Handbook* and other career guidance publications issued by the Bureau.

In addition, the data base and models, which have been developed over time as part of the projections system, provide an important analytical capability to deal with a wide variety of current employment issues of interest to the Department and others. In fiscal 1982, studies were conducted that analyzed current and projected shortages of machinists and secular, cyclical, and seasonal trends in the construction industry. The Bureau also provided other Federal agencies with estimates of the effect of their outlays on private jobs. Such work in fiscal 1982 included studies on the employment requirements generated by changes in defense expenditures. BLS also prepared current summaries of the principal economic indicators and provided a

monthly summary and analysis of short-term economic forecasts.

During fiscal 1982, staff began work that will lead to a new set of labor force, economic, and industry and occupational employment projections to 1995. In addition, the 1982-83 edition of the *Occupational Outlook Handbook* was published. National industry-occupation matrices for 1980 and 1990 based on data from the occupational employment statistics surveys were also made available to the public.

Occupational Safety and Health Statistics

In fiscal year 1982, the Bureau published 1980 national estimates of occupational injuries, illnesses, and fatalities, and conducted its eleventh annual survey of employers covering their 1981 experience. The Supplementary Data System (SDS), which obtains information on occupational injuries and illnesses not available from the core annual survey program, had 34 States in participation. In the Work Injury Report (WIR) survey program, work continued on several specialized accident studies.

In November 1981, BLS released national estimates of occupational injuries and illnesses for calendar year 1980. Detailed occupational injury and illness statistics by industry were published in a bulletin. Four industry guides—covering construction, manufacturing, transportation and public utilities, and trade—were also published to assist employers in evaluating their injury and illness experience. The 1980 occupational fatality estimates appeared in an article in the January 1982 issue of the *Monthly Labor Review*.

In fiscal 1982, 34 States agreed to supply injury and illness data based on workers' compensation first reports of injury through the Supplementary Data System. The SDS data base provides information on detailed characteristics associated with work accidents and thus supplements the industry-specific trend data derived from the annual survey. Standard SDS tabulations showing distributions of occupational injuries and illnesses by work characteristics and work situations are generated for each participating State. Both standard tabulations for each State and records of individual cases are made available to accident preventionists and researchers through the National Technical Information Service (NTIS), and potential users in general are informed of their availability in special announcements. State microdata files for reference years prior to 1979 were available from NTIS by separate-State file only. Starting with 1979 mi-

crodata, the records are organized into three multi-State files. Organization into multi-State files makes a larger body of data available at a modest cost and eliminates the need to merge individual State files to obtain multi-State tabulations.

The annual survey estimates and SDS data are routinely transmitted to OSHA and NIOSH for use in meeting their respective program responsibilities. Both data bases serve a wide variety of analytical applications in the occupational safety and health area.

The October 1981 *MLR* contained an article in which an index ratio measure of occupational risk based on SDS data was used to identify the relative hazardousness of occupational groups. Although the index ratio measure does not have the precision of an incidence rate, it does provide a relative measure of hazardousness.

The Work Injury Report survey program obtains directly from injured employees detailed accident information which is not otherwise available. Results from two studies in this program were published in fiscal 1982: *Injuries Related to Servicing Equipment* and *Back Injuries Associated with Lifting*. Data collection was completed for four additional studies: falls from elevators, falls on stairs, injuries in oil and gas extraction, and injuries in logging. OSHA and NIOSH use results of these studies to evaluate and develop safety standards, compliance strategy, and training programs.

The Occupational Safety and Health Act of 1970 requires statistical programs to meet Federal and State needs and encourages State participation in these programs through authorized grants for funding half of State costs. Recordkeeping, the annual survey, SDS, and the WIR surveys of injured employees are all carried out with State agency participation. In fiscal 1982, 48 States participated in the annual survey either through grants or contracts, 34 in the SDS and 30 in the WIR.

Managerial Initiatives

The Bureau's efforts to continue improving internal managerial processes included the following:

Administrative management. Routine administrative services—personnel, budget, computer and other management and operation services—were provided to all Bureau offices. Other fiscal 1982 accomplishments included:

Development of computerized financial reports which for the first time provided budget availability and monthly obligations at the program and cost center level

Production of a computerized interim position control system with both organization and program review capabilities

Development of a plan to assess the vulnerability of BLS operations to waste, fraud, and abuse, and

Initiation of a computerized procurement plan.

Accountability in resource utilization. Because of the conflicting needs to improve data and reduce resource requirements, the Bureau initiated an on-going program to review funding requirements on a program-by-program basis. In addition to meeting the funding reductions required in the budget process, in 1982 Bureau managers were required to justify their program expenditure plans on a periodic basis.

Use of modern technology. The Bureau has over the years used advances in computer science and technology in data collection, processing, and publications. BLS will investigate further such advances and adopt those changes that represent improvement from either a program or resource use point of view.

Organizational improvements. To clarify management responsibilities and to consolidate units severely affected by the recent program reductions, the Bureau streamlined its organizational structure to improve operational coordination and efficiency, as well as to strengthen the mathematical/ statistical research and evaluation functions in the Bureau. Included in the changes was the merger of the Offices of Current Employment Analysis and Employment Structure and Trends into the Office of Employment and Unemployment Statistics.

Survey design. The Bureau developed and began the first phase of changing the CPI housing component to a rental equivalence measure and designed specific procedures for a new survey to measure the differences in hours worked and hours paid. In addition, considerable progress was made in the survey design work for revisions of the 790 and Producer Price Index Programs.

Reporting burden reduction. The Bureau reduced its information collection budget by 0.5 million hours or about 20 percent since fiscal 1980.

Occupational Safety and Health Administration

The Occupational Safety and Health Administration (OSHA), in line with the regulatory reform effort of the administration, provides the high-quality, nonadversarial safety and health services that Congress intended.

To ensure success in helping to reduce job injuries and illnesses at the workplace, the agency employs a balanced mix of all the programs afforded by the OSHA Act; these include standards, enforcement, State programs, training and education, consultation, and voluntary compliance projects. OSHA makes itself accountable for achieving these goals through a delivery system of safety and health services to every working man and woman.

Initially, the agency set three major goals for itself, equally emphasizing each. First, better management to assure accountability and to assure that all programs contribute directly to worker protection at the worksite. Second, responsible regulatory reform to make safety and health standards as protective and cost effective as possible. And finally, permeating all of OSHA's efforts, a cooperative attitude toward workplace safety and health that offers equal roles to labor, management, and government in eliminating job hazards.

Management

During the fiscal year, OSHA installed an Integrated Management System (IMS). Statistical indicators were developed to track the agency's progress and achievements in key program areas. The indicators were used to help establish well-defined goals for the agency; then these goals were translated into performance criteria for measuring the effectiveness of the agency's senior managers.

Some of the objectives set for the agency included better targeting of inspections; faster abatement of hazards; full partnership with States operating their own OSHA plans; comprehensive review of existing major safety and health standards; and voluntary programs.

The indicators are evaluated quarterly to judge the effectiveness of OSHA's policies on citations and inspections, for example, and to verify the consistency of the program among regions. Where results deviate from expectations, reasons are

sought, and if necessary, appropriate midstream adjustments are made.

To complement the IMS, a Regulatory Management System (RMS) was developed and instituted to ensure an orderly process for timely regulatory review, decision, and action as well as to develop new standards.

An Integrated Management Information System (IMIS) was begun which, when fully implemented, will place a micro-computer terminal in all OSHA field offices and in those States operating their own program to collect and report OSHA program and administrative data.

To meet adjusted staff and budget ceilings, the agency realigned its field offices, consolidating some, eliminating some, and downgrading some. The reorganization of the agency has improved efficiency, and OSHA continues effective geographic coverage while keeping constant its complement of 1,200 enforcement positions.

Standards Setting

OSHA faced a double challenge a year ago when key court decisions on agency regulations had to be incorporated into standard setting as did a new executive order on Federal regulation.

To solve the problem, a four-step process governing the issuance and review of OSHA standards was developed. First it must be shown that the hazard to be regulated poses a "significant risk" to workers. Next, the standard is studied to verify that, if issued, it would substantially reduce that risk. Then the data are analyzed to set the most protective exposure limit to the hazard that is both technologically and economically feasible. And finally, it is determined what combination of methods—engineering controls, personal protective equipment, medical surveillance, training and education—is the most cost-effective way for employers to meet that limit.

In its first formal finding concerning "significant risk," OSHA published for public comment preliminary risk assessments on its inorganic arsenic standard. These analyses compared exposure under the agency's 1978 standard to that permitted previously; the data predict that the regulation reduces the risk of job-related lung cancer to exposed employees by about 98 percent.

The revocation of almost 200 unenforceable "should/shall" provisions of the OSHA standards was proposed. Courts did not uphold citations of these standards, which were based on old industry consensus standards originally meant to be advisory

and containing the word "should" in directing safety and health measures. Where necessary these rules will be replaced with specific, defensible standards; cost effectiveness will be factored into the standards as well as the mandatory "shall" language.

Cost effectiveness means that the least costly alternative among equally effective means is used to assure necessary worker protection. The hazard communication proposal, a top priority for the year, is a good example. After months of concentrated effort, a new proposed rule on hazard communication was issued on March 19, 1982, to replace the previous administration's proposal which was withdrawn to consider alternatives. The new proposal would guarantee that workers get the information they need about hazards in their workplace. The previous proposal would have cost industry \$2.6 billion initially and \$1.25 billion annually. The new proposal, which includes worker training and education as well, will cost only about \$582 million initially and about \$228 million a year.

Currently, many health standards are being reviewed, including lead, cotton dust, respirators, ethylene oxide, ethylene dibromide, and the agency's overall policy on the regulation of workplace carcinogens.

OSHA's rule on access to employee exposure and medical records was streamlined and its focus sharpened in a proposed amendment issued in July. By clarifying and tightening access provisions, the proposed changes are expected to encourage employers to monitor exposures and maintain records.

Unlike previous administrations, effective safety standards no longer take a back seat to the health standards agenda. The agency has drawn up a list of 16 safety standards it plans to address by the end of 1984—as many safety rules as OSHA has promulgated in its history.

The agency ban on latch-open devices for gasoline nozzles at self-service gas stations was revoked in September. This was a nuisance requirement that had nothing to do with protecting workers. In another area, shipyard standards were consolidated in March, reducing their volume by 60 percent. Also, public comments have been called for to help improve concrete construction standards and rules on commercial and scientific diving operations.

Other upcoming safety standards include grain elevators, single-piece rim wheels, oil and gas well drilling, and electrical safety in construction. The agency is expected to develop standards on powered platforms, walking and working surfaces, the second part of the electrical standard for general industry, trenching and excavation, and ladders and scaffolds.

Litigation

During the year OSHA placed great emphasis on area director settlement agreements with employers contesting OSHA inspection citations. As a result, the contest rate for OSHA is running around 5 percent rather than the 22 percent contest rate of previous years. Potentially contested cases are being settled before litigation through mutually satisfactory agreements with employers; the agreements always require abatement of the cited hazards. Employers save time and money; OSHA sends its inspectors to workplaces instead of to the courts; and, most important, workers are protected more quickly.

Enforcement

OSHA's management is oriented to results, and this philosophy has permeated the redirection of OSHA's enforcement policies, as well. With only 1,200 inspectors to cover 3 million workplaces and 46 million workers, OSHA must make every one of its inspections pay safety and health dividends.

Many initiatives to improve enforcement have been undertaken. The basic question is, what types of OSHA inspections are most, and least productive. It had been discovered, for example, that followup inspections are not the best use of OSHA's limited enforcement resources; about 98 percent of these on-site checks to make sure previous violations have been corrected show the employer to be fully in compliance. So, logically enough, policy has been set limiting followups to not more than 5 percent of OSHA's total inspections and general schedule inspections now make up 80 percent of the agency's total enforcement effort.

The centerpiece of this enforcement overhaul is the targeting policy for general schedule inspections in the manufacturing sector which focuses OSHA inspections on the most hazardous individual worksites. This system, in place since October 1981, uses the employer's mandatory log of injuries and illnesses to help identify and inspect those workplaces that really need OSHA. An individual manufacturer's lost-workday case rate is used as the trigger for a full-scale inspection. Upon arrival, inspectors consult the mandatory log of injuries and illnesses at the workplace; if the average is higher than the national average for manufacturing, they inspect. If it's not, they leave, after explaining legal rights and responsibilities to employer and employee representatives, answering all questions, and acting on any worker complaints. There is flexibility here, however. A compliance officer has discretion to visit a particular process in

the workplace if the log indicates a high proportion of injuries or illnesses are occurring there. With this system, in fiscal year 1982, OSHA was able to double its visits to high safety hazard workplaces, compared to the same period a year ago. Since July 15, 1982, when hazards are found during a workplace inspection, inspectors are directed to offer abatement information to employers as well.

Other changes instituted to improve enforcement included a coherent citation policy for multiemployer worksites, as in the construction industry, to be sure the party responsible for the hazard corrects it; specific criteria for the appropriate use of the "general duty clause" of the OSH Act in citing violations not covered by a specific standard, which require it to be used to cite only recognized, serious, and feasibly correctable hazards; and a uniform policy of citation for repeated violations of OSHA standards.

Agency policy has been clarified on seeking pre-inspection warrants, generally limiting it to cases where the employer has a well-established and recognized policy of refusing entry.

On February 1, 1982, new improved procedures on handling worker complaints were instituted. A new policy ensures that every employee complaint is evaluated, but only formal written complaints that allege violations likely to result in physical harm will be scheduled for OSHA inspections. Other kinds of complaints can be handled adequately by employer notification and corrections. Uniform guidelines governing OSHA's response to referrals similar to those governing response to complaints have also been established.

To improve the agency's allocation of its health inspection resources, the agency at year's end planned to hold a conference with representatives from labor, business, and State-plan States to help identify the essential elements that should be present in any workplace health program. A pilot study is being initiated in 10 area offices to gather data to supplement this effort.

And finally, in line with the goal of cutting red-tape and unnecessary paperwork requirements, OSHA proposed in June to eliminate recordkeeping requirements for nearly 500,000 employers. These low-hazard firms are in certain retail trade, finance, insurance, real estate, and service industries. The proposed exemption would go into effect January 1, 1983, for firms in industrial categories that meet certain statistical safety and health criteria, including a lost-workday case rate at or below 75 percent of the private sector average.

Voluntary Efforts

OSHA is determined to be fair and evenhanded in all its action and to instill a cooperative spirit into the regulatory process. Over a year ago, some lead industries petitioned OSHA for a 1-year delay in lowering the concentration of lead in a worker's blood that triggers his or her removal from high exposure. The petitioners contended that the lower trigger levels would require the removal of so many skilled workers that production would suffer seriously, even forcing some plants to close. Organized labor argued that no widespread problem had been documented and that any relief should be considered only for worksites with real difficulties.

OSHA looked at both sides of the issue, called for public comment, and evaluated the data. OSHA denied industry's request for a blanket postponement of the new levels and put them into effect for nearly all workplaces. For those plants that demonstrated severe compliance problems, OSHA issued interim variances from the requirement and provided special protection for workers with elevated blood lead levels.

Both business and labor contributed their views to help OSHA put together a reasonable, workable solution in protecting workers from overexposure to lead.

Regulatory cooperation was also exemplified in OSHA's initiatives with ASARCO, the primary lead and copper smelter company, and the United Steelworkers to jointly improve protections for smelter workers exposed to arsenic. Cooperative assessment at the seven U.S. smelters with significant arsenic exposures are being made to determine appropriate control methods while maintaining the long-term profitability and competitiveness of the industry. Separate agreements covering all five ASARCO plants were completed in 1982.

In July 1982 OSHA inaugurated nationwide voluntary protection programs to recognize firms with excellent safety and/or health programs. Some would involve companies with effective labor-management committees in general industry and construction. Participants are exempt from programmed inspections, though employees and employers retain all rights and responsibilities under OSHA law. Ortho Diagnostic Systems, Inc., of Raritan, New Jersey, became the first participant.

An agreement was signed in February 1982 to assist American Electronics Association in designing job safety and health programs for companies in the U.S. electronics industry.

And finally, to evaluate OSHA's cooperative approach, a nationwide questionnaire was devised enabling employers and employee representatives at firms inspected by OSHA to evalu-

ate the professionalism of the agency enforcement staff. Since this went into effect in August 1982 the response has been overwhelmingly favorable and the enforcement staff is almost unanimously cited as being both professional and courteous.

State Programs

This administration's approach is that governing is best accomplished on the level closest to the people. OSHA has translated this philosophy into broader and more effective support for State OSHA programs. OSHA has retained its commitment to maintaining support for State programs. The States match Federal funding, so that every dollar cut from the State program support means a \$2.00 loss from the national job safety and health effort. Support for State plans is not only good government, it is a good safety and health investment for Federal taxpayer's dollars with a two-for-one return.

Dual Federal State enforcement was eliminated by removing Federal compliance officers from States that operate their own safety and health programs and transferring them to States where Federal OSHA is in charge.

Certification of their programs was granted to Nevada, Arizona, Indiana, the Virgin Islands, Washington, Puerto Rico, and Oregon, bringing the number of certified States to 21. Certification is a necessary prerequisite before final OSHA approval can be granted to a State to operate its own program.

Twenty-four States and territories currently operate their own occupational safety and health programs subject to Federal approval and monitoring. Operational status agreements were signed with Minnesota, Virgin Islands, New Mexico, Wyoming, Nevada, Arizona, Puerto Rico, Indiana, Virginia, and Iowa thus removing concurrent Federal enforcement in all State-plan States.

Staff assigned to monitor State plans has been reduced by one-half and a new monitoring system has been developed that will use nearly 100 statistical comparison points to judge the States' performance.

Training, Education, Consultation

Two areas of emphasis for 1982 were OSHA's consultation and training and education grants programs. Funding increased to almost \$28 million in fiscal 1982 for the free on-site consultation program; through this service employers in every State can obtain penalty-free advice from experts on eliminating job safety and health hazards. About \$6.8 million was given in grants to

business, labor, and academic groups to provide a wide variety of safety and health services. For both these programs new methods of accountability were developed to assure high quality and consistency of service.

During fiscal 1982 an experimental program was begun in seven southern States to encourage greater use of on-site consultation services and to augment OSHA's limited inspection staff. Under the 6-month pilot project, employers who undergo a comprehensive consultation visit, correct all serious safety and health hazards and establish and/or maintain an effective safety and health program will be exempt for 1 year from general scheduled inspection. OSHA will thus be able to send its inspectors to more hazardous worksites.

Without an increase in funding, OSHA increased the number of on-site consultation visits by State consultants by 33 percent during the first 6 months of fiscal 1982. Also, a data-based monitoring system was developed to track the on-site consultation program.

OSHA reached agreement with the Tribal Council of the Navajo Nation to provide on-site consultation to businesses operating within the Nation, thereby providing enhanced worker protection to 85,000 native Americans.

"New Directions" grants for business, labor, and academic groups were reoriented to focus solely on job safety and health and to increase fiscal accountability. To decentralize and better perform grant oversight, more responsibility has been given to regional offices.

The Training Institute in Des Plaines, Ill., is being reorganized to reflect greater emphasis upon training of OSHA compliance officers and other Federal employees attending the Institute. The Management Training Institute, a separate entity within the OSHA Training Institute, was established to focus on advanced management topics and to support OSHA management objectives for midlevel managers.

Two training films were developed. "Doin' It Right" deals with safe methods of removing asbestos and is used to inform workers, contractors, school systems and general audiences of techniques for solving asbestos removal problems, precautionary measures for workers, and the use of personal protective equipment. An accompanying booklet, "Asbestos Abatement Control Guidance Manual," is designed as a technical aid for specification writers, mechanics, inspectors, and designers who work on asbestos-related projects.

The film, "Facts About Vinyl Chloride," is set in a vinyl chloride manufacturing facility involved in the storage, hand-

ling, use, and packaging of vinyl chloride. This film is an important tool in helping workers understand the hazards involved and the necessary measures to be taken to eliminate and reduce hazards associated with the chemical.

For further outreach into the community, 45 vocational safety and health training programs were developed by the Center for Occupational Research and Development (CORD) for use in vocational and secondary schools in the fall of 1982.

And finally, OSHA prepared to move as the fiscal year ended to focus on ways to improve Federal workplace safety and health. The first step being taken to improve the Federal agency effort was to demonstrate that this administration had a strong commitment to a safe and healthful Federal work environment. In May 1982, OSHA held a week-long Field Managers Conference that focused on the safety and health of Federal workers. The meeting included all of OSHA's top managers from both the national office and OSHA's 10 regional offices.

Another indication of OSHA's commitment to this effort was the appointment of a Special Assistant for Federal Safety and Health Programs and a permanent Director of the Office of Federal Agency Programs.

In order to advise these officials and other OSHA policymakers, the Federal Advisory Council on Occupational Safety and Health (FACOSH) was given increased attention and status. The committee, composed of an equal number of management and labor representatives, is a valuable source of advice on Federal workplace conditions.

OSHA was also looking at how to better use and support the 89 Field Federal Safety and Health Councils, voluntary groups of local Federal safety and health experts.

OSHA began developing, with the assistance of the Employment Standards Administration, a data system using the reports required under the Federal Employees' Compensation Act (FECA) to provide uniform, more reliable injury statistics. When the new system is in place, it will allow the agency to pinpoint not only the most hazardous agencies but also the most hazardous worksites in those agencies.

Other enforcement initiatives under development include new instructions for investigating catastrophes and fatalities in Federal workplaces and better procedures to respond to Federal safety and health complaints.

As part of an outreach program OSHA was establishing a consultation program for other Federal agencies. In recent weeks, 52 agencies have been contacted. And almost half of the

students instructed at OSHA's Training Institute in Des Plaines, Ill., came from other Federal agencies.

OSHA's evaluations of the Navy, the Postal Service, and the Tennessee Valley Authority have been completed under newly improved procedures. These evaluations should be particularly useful to the concerned agency heads because OSHA was focusing on the program management process and examining the degree of management support, planning, program implementation, and program self-evaluation that each agency brings to bear on its occupational safety and health responsibilities.

Federal management accountability for worker protection ensures that the Nation's public servants, the 2.8 million employees who get the Government's work done, can perform their jobs efficiently and, above all, safely.

Employment Standards Administration

Enforcement of existing standards affecting both employers and employees was a chief focus of Employment Standards Administration efforts in fiscal year 1982. The Wage and Hour Division, for example, conducted over 75,000 investigations involving wage requirements. In addition, improved farm labor legislation was sought in the Migrant and Seasonal Agricultural Workers Protection Act; ESA also issued modified regulations under the Davis-Bacon Act. Better management of the Federal workers' compensation and contract compliance programs continued to be an ESA goal.

Minimum Wage and Overtime Standards

In enforcing the minimum wage, overtime pay and child labor provisions of the Fair Labor Standards Act (FLSA), the Wage and Hour Division conducted 73,691 investigations during fiscal 1982. The investigations resolved 49,545 complaints, thereby reducing the complaint inventory from 19,692 to 15,756 despite the receipt of 46,645 new complaints during the year.

The investigations disclosed \$49.4 million in minimum wage underpayments due 290,000 workers and \$80.8 million in overtime underpayments due 288,000 employees. Employers agreed to pay \$32.7 million in unpaid minimum wages to 252,000 workers and \$54.2 million to 246,000 employees due overtime pay. The total of \$86.9 million in back wages that employers agreed to restore represents a 4 percent increase from fiscal 1981.

The difference between the amount of back wages due employees and the amount that employers agreed to pay reflects, for the most part, sums involved in pending litigation and the refusal of certain employers to pay back wages in cases which the department deemed unsuitable for litigation. The FLSA permits individuals to bring private suits to collect back wages, liquidated damages, attorney's fees, and court costs. The Department's enforcement statistics do not include the amounts recovered in such private suits.

The division once again used special targeted enforcement efforts in industries and areas that have a history of noncompliance. One such effort in Miami, Florida, disclosed more than \$1.7 million in back wages due over 6,000 workers in the gar-

ment, security, and construction industries. Employers agreed to pay \$774,000 in back wages to 3,900 workers, and litigation is pending in a number of other cases.

Negotiations resulting in the settlement of two major litigation actions were concluded at the close of fiscal year 1982. The first settlement, involving the U.S. Postal Service, could result in as much as \$400 million paid to some 800,000 workers. The second case involves some \$5 million due 5,000 employees of a major restaurant chain.

Child Labor Standards

The Wage and Hour Division found 9,966 minors employed in violation of the child labor provisions of the FLSA.

Almost two-thirds of the illegally employed minors were in retail trades; 3,385 minors were employed in one or more of the nonagricultural occupations declared hazardous; and 49 were employed in agricultural occupations declared hazardous. The division assessed more than \$1 million in child labor civil money penalties against 765 employers who illegally employed 6,536 minors. Alleging that penalties should not have been assessed and requesting hearings before administrative law judges, 187 employers filed exceptions with the Wage and Hour Administrator.

The Department of Labor and the Environmental Protection Agency continued to study the effects of pesticides on the health of children employed in agriculture in connection with the waiver procedure for employing local 10- and 11-year-old hand harvesters in short-season crops.

A proposed amendment to Child Labor Regulation 3, which sets employment standards for 14- and 15-year old minors, appeared in the July 16, 1982, *Federal Register*. Because of substantial public interest in the proposal, the division extended the period for public comment through January 13, 1983. A new proposed revision will be issued following analysis of those comments.

Special Minimum Wages

The FLSA permits employers who obtain certificates from the Wage and Hour Division to pay special lower minimum wages to handicapped workers, full-time students, students in vocational education programs, apprentices and messengers "to the extent necessary in order to prevent curtailment of opportunities for employment."

The division authorized special minimum wages for approximately 431,800 workers during fiscal 1982, a decline of 17 percent from the previous year. The largest number of authorizations was for full-time students (58 percent) and the next largest was for handicapped workers (41 percent).

On July 16, 1982, the division proposed a regulatory revision that would allow the Wage and Hour Administrator to designate the period during which certificates authorizing employers to pay special minimum wages to full-time students would be effective. Under current regulations the certificates must be renewed each year. A new proposal will be issued following analysis of the comments.

Industrial Homework

Restrictions on homework in the knitted outerwear industry were removed effective November 9, 1981, after extensive hearings and provision for public comment on the homeworker regulations. In six other industries—women's apparel; jewelry; gloves and mittens; buttons and buckles; handkerchiefs; and embroideries—homework is permitted only by individuals who cannot adjust to factory work because of a handicap or who are required to remain at home to care for an invalid.

Farm Labor Contractors

The Wage and Hour Division conducted 4,491 investigations under the Farm Labor Contractor Registration Act (FLCRA), and found violations in 1,790 of these investigations. The Department assessed \$1 million in civil money penalties in 301 cases. Collections on penalty assessments amounted to over \$400,000.

The National Farm Labor Coordinated Enforcement Committee and regional coordination committees continued their functions under the settlement agreement in *NAACP v. Marshall*. These committees provide national and regional coordination of the activities of the Employment Standards Administration, the Employment and Training Administration, and the Occupational Safety and Health Administration with respect to migrant farm workers.

Investigations which uncovered evidence of possible criminal violation of other statutes, including the Civil Rights Act, continued to be referred to the Department of Justice. This cooperation resulted in four criminal convictions for involuntary servitude or peonage of persons who held migrant farm

workers in labor camps and forced them to work against their will.

The FLCRA prohibits farm labor contractors from knowingly employing illegal aliens. Cooperation between the Immigration and Naturalization Service and the Wage and Hour Division has served to deter the use of these workers in agricultural employment.

The Administration introduced into Congress a bill that would reform the FLCRA. The bill, developed in cooperation with major employer and employee organizations, would establish a new law, the Migrant and Seasonal Agricultural Worker Protection Act (MSPA). It is designed to strengthen essential protections for farmworkers within a rational statutory framework that would eliminate unnecessary paperwork and would reduce the constant litigation which has occurred under the current statute.

Prevailing Wage Laws

The division conducted 4,527 investigations under the various laws that provide labor standards for employees on government contract work, including the Davis-Bacon and related acts, the Service Contract Act, the Contract Work Hours and Safety Standards Act, and the Walsh-Healey Public Contracts Act.

Wage underpayments found due under these laws totalled \$17.8 million, due 42,480 workers. The total included \$15.8 million in minimum wage and fringe benefit underpayments and \$2.0 million in overtime compensation underpayments. Employers agreed to pay \$13.3 million in back wages to 39,273 workers. Additional monies will be restored upon completion of administrative hearings or litigation.

During the fiscal year, the division issued 14,026 determinations of prevailing wages and fringe benefits under the Davis-Bacon and related acts. Of the total, 1,238 were general determinations published in the *Federal Register* which apply to many construction contracts in a given geographic area, and 12,788 were issued for specific construction projects.

In an attempt to streamline the process involved in making Davis-Bacon wage determinations, the Department entered into a pilot contract in fiscal 1982 to determine the feasibility of having a private contractor, rather than its own employees, collect the wage data information used to make determinations. The study was completed early in fiscal year 1983, and the division is in the process of evaluation.

On April 28, 1982, the division issued final regulations under the Davis-Bacon Act which were to become effective on July 28, 1982. Implementation of the regulations was deferred, however, after the U.S. District Court for the District of Columbia issued a preliminary injunction blocking major provisions of the new rules in response to a suit filed by the Building and Construction Trades Department of the AFL-CIO and a number of affiliated unions.

Under the Service Contract Act, the division issued 5,018 determinations of wages and fringe benefits for a wide variety of job classifications. The wage determinations apply to 35,200 contracts.

Office of Federal Contract Compliance Programs

ESA's Office of Federal Contract Compliance Programs (OFCCP) administers Executive Order 11246, as amended, the affirmative action provisions of the Rehabilitation Act of 1973 and similar provisions in the Vietnam-Era Veterans' Readjustment Assistance Act of 1974 (VEVRA).

Executive Order 11246 requires that Federal contractors refrain from discriminating in employment because of race, sex, color, religion or national origin and that they take affirmative action to assure equal opportunity in employment. Section 503 of the Rehabilitation Act and Section 402 of the VEVRA provide similar protection for handicapped persons, certain disabled veterans and Vietnam-era veterans.

The basic objectives of OFCCP compliance activity during fiscal 1982 were to increase employment, training, and promotion opportunities for minorities, women, handicapped persons, and other protected workers, and to insure that Federal contractors did not discriminate but rather took positive action to include in their work forces qualified individuals of the protected classes.

Although OFCCP may impose sanctions, including debarment as a Federal contractor, against those who are found to be violating the law, it preferred to adopt a positive, nonconfrontational approach emphasizing conciliation to achieve compliance and technical assistance to aid employers in meeting their contractual obligations. Helping contractors to arrange internal or external training and to locate recruitment and referral sources complemented OFCCP compliance activities.

During fiscal 1982, OFCCP continued to encourage the establishment of liaison groups of industry, employer, and constituency group representatives. These groups address issues of

recruitment, job qualifications, and training involving specific industries or occupations, broaden understanding of OFCCP objectives, and foster a spirit of cooperation between the Government and the contracting community.

OFCCP conducted 3,081 compliance reviews of contractor facilities employing 2,380,722 workers. The agency placed major emphasis upon more rapid response to complaints alleging discriminatory treatment. OFCCP conducted 2,589 investigations of complaints or 453 (21 percent) more than during the previous year. Administrative complaints were filed against five firms.

There were 259 agreements in which contractors committed a total of \$7,305,953 in financial outlays for training, future pay increases, back pay and increased recruitment. Back pay awards of \$2,132,354 went to 1,133 women, minorities, disabled persons and veterans.

"Linkage" agreements to provide applicants for specific contractor job openings were reached between 676 employers and training service agents or other recruitment or referral sources.

During fiscal years 1981 and 1982, OFCCP proposed a number of regulatory changes to promote equal employment practices by Federal contractors while streamlining procedures. These proposals would:

- reduce the reporting burdens for those doing business with the government;
- eliminate requirements for written affirmative action plans for small contractors;
- eliminate unproductive compliance reviews before contracts are awarded;
- introduce greater flexibility and reduce paperwork for contractors in determining worker availability and establishing affirmative action goals; and,
- under certain circumstances, permit contractors with multiple facilities to develop consolidated affirmative action plans.

The basic thrust of the proposed revisions is to simplify and introduce greater flexibility into the compliance process, so that compliance efforts, by both contractors and OFCCP, can better achieve positive results.

Federal Employees' Compensation

During fiscal 1982, the Division of Federal Employees' Compensation (DFEC) made progress in providing better service

under provisions of the Federal Employees' Compensation Act (FECA) to Federal workers injured on the job.

Continuing the pace it set in the last quarter of fiscal 1981, the DFEC processed 88.5 percent of all traumatic injury cases within 45 days of receipt.

Working with the Postal Service, which submits the largest number of Federal employees' claims each year, the DFEC expanded a program to reemploy injured employees as soon as possible in jobs which are modified to suit their physical capacities. A new joint venture, the Low Back Project, requires claimants reporting back injuries to be screened for early referral to medical specialists, who evaluate them for appropriate care and a timely return to work.

The DFEC modified its medical payment system to increase protection against fraud and abuse by medical providers. Claimants now are asked to report any discrepancies in payments made on their behalf to medical providers.

In August 1982, the DFEC adopted the American Medical Association's health insurance claim form, used by Medicare and Medicaid, for providers other than hospitals, nursing homes, and pharmacies. The mandatory form contains information needed for expedited payment, provides protection against fraud, and speeds the entry of data.

The DFEC extensively revised its procedures for recovering overpayments from Federal employees. This revision was undertaken in accordance with new Office of Personnel Management regulations that permit recovery of employee debts from civil service annuities and with a decision of the Comptroller General that under certain circumstances recovery may be made from the salaries of employed debtors. Claimant's rights to due process and a hearing on overpayment issues have been expanded following a 1979 Supreme Court decision.

The DFEC gave debt collection a high priority and is considering the use of outside collection agencies and the permissibility of charging penalties or interest on outstanding debts.

The limited use of Wage and Hour compliance officers and Office of Federal Contract Compliance Programs equal opportunity specialists to make onsite visits to claimants on the disability and carry out other investigative functions, combined with a continued emphasis on periodic roll review, resulted in monthly compensation savings of some \$3,430,000 in fiscal year 1982 and an annual saving of \$41 million.

The division recovered approximately \$800,000 per month during fiscal 1982 from litigation against third parties for inju-

ries to Federal employees. The Postal Service agreed to identify and pursue subrogation cases arising out of minor injuries, such as dog bites to letter carriers.

In March 1982, the Administration resubmitted a bill, originally proposed in June 1981, to reform FECA by emphasizing reemployment and a quick return to work, the setting of benefit rates at 80 percent of pre-disability income, and other measures. The first budget resolution approved by Congress assumed enactment of the Administration's legislative proposals. However, the House and Senate Labor Committees were not instructed to make the statutory changes in FECA to achieve the budgetary savings assumed in the first budget resolution. Thus, the FECA proposals were not adopted in the reconciliation process.

Black Lung

On December 29, 1981, PL 97-119, the Administration's Black Lung Benefits and Revenue Act of 1981, became law. Its passage was a major achievement both in terms of budgetary impact and of labor-management cooperation. The amendments removed three presumptions that enabled certain individuals to obtain benefits without providing medical evidence that they suffered from pneumoconiosis (black lung disease). The amendments also offset benefits by "excess" earnings and made other changes in evidentiary requirements. To restore the financial integrity of the trust fund, the coal production taxes paid by mine operators were temporarily doubled until 1995.

Regulations to implement the new law were proposed and opened for public comment, prior to publication in final form during calendar year 1983.

The division issued initial findings on approximately 10,900 new claims for black lung benefits. Over 10,200 cases were also identified, in accordance with the 1981 law, and processed and transferred from responsible operators' liability to trust fund liability.

The division continued to place more emphasis on contested claims. It prepared some 6,000 individual claims for formal hearings and forwarded them to the Office of Administrative Law Judges. In addition, the program maintained over 12,000 cases awaiting formal hearings, 117,000 claims for medical benefits only and approximately 90,000 monthly benefit claims.

During 1982, the division began to operate a new all-service contract, part of a new automated approach. The system pro-

cessed most medical bills for payment and provided all necessary hardware, software, and telecommunications to support an integrated information and payment system for quicker and more efficient service to the miner community.

Expanded debt collection activities brought in over \$22 million from coal mine operators, insurance carriers, beneficiaries, and medical providers.

Approximately \$596 million in benefits was paid to 90,000 coal miners or their surviving dependents during the fiscal year. Total obligations of the Black Lung Disability Trust Fund amounted to \$795 million, while income from the increased coal tax and other receivables totalled \$478 million. The deficit required an advance of \$314 million from the general revenue fund. At the end of the fiscal year, the outstanding trust fund debt was approximately \$1.8 billion.

Longshore and Harbor Workers' Compensation

The Division of Longshore and Harbor Workers' Compensation consolidated the workloads of the Kansas City and Denver district offices into the Chicago and Seattle district offices, respectively. The consolidation brought about improved management of cases through more efficient use of available resources.

In response to recommendations made in an April 1982 GAO report, the division began to send injured workers a revised informational letter about benefit entitlements.

Other revised reporting procedures enable national office program managers to monitor district office operations more efficiently.

The division implemented an automated system to provide direct payment of adjusted benefits in certain types of cases paid from the Longshore Special Fund to about 1,500 beneficiaries. Those paid are individuals entitled to adjusted permanent total disability and death compensation for injuries or deaths that occurred prior to the amendment of the Longshore Act in 1972. The change eliminated a backlog and freed staff for other tasks.

Deputy Under Secretary Collyer testified before Congress in October 1981 and recommended changes in the Longshoremen's and Harbor Workers' Compensation Act. The proposed changes called for a 6 percent cap on annual benefit increases, limits on coverage, elimination of unrelated death benefits, and other restrictions. On July 27, 1982, the Senate passed a compromise version of Senator Nickles' bill, S. 1182. At the end of

the fiscal year, the House Subcommittee on Labor was considering the Senate bill.

Vocational Rehabilitation

The Division of Vocational Rehabilitation improved its services to disabled workers who receive benefits under workers' compensation programs, thus reducing human loss and compensation costs.

During fiscal 1982, 825 injured Federal workers covered by FECA underwent formal rehabilitation involving education, counseling, and retraining, resulting in savings of more than \$10,000 per worker in compensation costs and total annual savings of \$8.5 million to the Federal Government in compensation costs. This represents an 8 percent increase in the number of workers rehabilitated over the previous year. There was also a 21 percent increase in the number of rehabilitated workers who returned to work for their previous government employers.

Under the Longshoremen's and Harbor Workers' Compensation Act, 335 workers in private industry underwent formal rehabilitation, resulting in savings of more than \$8,000 per worker in compensation costs and total fiscal 1982 savings of \$2.7 million to employers.

Office of State Liaison and Legislative Analysis

The Office of State Liaison and Legislative Analysis, established in April 1982, enhanced the ability of the Deputy Under Secretary for Employment Standards to provide assistance to the States and to coordinate activities with them. It also served as a link between ESA programs and related State programs and facilitated cooperation in legislative and regulatory matters.

Responsibilities of the Division of Legislative Analysis included developing testimony and background information for ESA officials who appeared at congressional hearings, developing legislative policy materials and preparing materials required under E.O. 12291 concerning regulatory relief matters. It played an important role in the Department's effort to initiate legislative reform in the Federal workers' compensation programs.

The Division of State Employment Standards Programs provided ESA with expertise on State labor laws that are directly related to all of its programs except workers' compensation.

The division also offered technical advice and information about State labor standards to State labor departments, manage-

ment organizations, multistate employers, organized labor, Federal agencies and the general public.

During the fiscal year, the division maintained active working relations with State labor commissioners and program officials and their organizations. It analyzed some 650 State labor laws and published summaries of approximately 250 of these.

The Division of State Workers' Compensation Programs provided State compensation systems with onsite technical assistance to help them improve their information and administrative systems. The unit worked closely with State legislatures and advisory committees in preparing and evaluating proposed legislation. During fiscal 1982, the division provided analyses for 167 amendments to State laws.

The division published the last three volumes of the Research Reports of the Interdepartmental Workers' Compensation Task Force.

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Mine Safety and Health Administration

During fiscal year 1982, the Mine Safety and Health Administration (MSHA) undertook major initiatives (1) to reduce adversarial relations between labor and management over safety and health in the mining community, (2) to eliminate needless regulatory burdens, and (3) to encourage positive efforts by industry and labor to protect miners' safety and health.

A major reorganization of MSHA, completed in May 1982, provided to the agency's district managers (previously chiefly enforcers) means besides inspections for improving mine safety and health. Specifically, the district managers gained responsibility for discussions of inspectors' findings with management and labor, and for training activities in the field.

In regulatory reform action during fiscal 1982, MSHA revised its rules on penalties for violations. The new rules reduced administrative burdens and encouraged operators to correct violations through a set \$20 penalty for nonserious violations corrected promptly, reduced penalties for prompt correction of more serious violations, and potentially greater consequences for serious and repeated violations. As part of a comprehensive review of metal and nonmetal mine safety and health regulations, MSHA held public conferences to receive comments from the mining community, and a review of underground coal mine safety standards was initiated with a request for written comments from the public. The goal of these review projects is to clarify and update current regulations and to eliminate needless regulatory burdens while maintaining or improving the protection provided to miners.

Also during the fiscal year, Assistant Secretary Ford B. Ford suggested legislative changes that could improve cooperation on safety and health in the mining community and give MSHA more flexibility to do a better job.

Communication and cooperation among industry, labor, MSHA, State agencies, and others in the mining community received additional emphasis during fiscal 1982 through the districts' new training functions and through numerous meetings and conferences with mining groups. In June, MSHA held the First Joint Mine Health and Safety Conference of industry, labor and government at the National Mine Health and Safety Academy. The conference generated valuable insights on mine health and safety needs and plans for additional conferences on

a regional basis. And in line with the New Federalism, MSHA began establishing new and stronger ties with State mine agencies, community colleges and vocational-technical schools, voluntary safety associations and other grassroots organizations.

Amendments to stopgap funding measures adopted by Congress during FY 1982 exempted many surface nonmetal operations from MSHA jurisdiction from December 16, 1981 until July 18, 1982. After MSHA resumed jurisdiction, agency officials met extensively with affected operators to explain changes in MSHA rules and procedures during the exemption and to ensure a smooth transition.

At the same time, MSHA strengthened its coal mine safety and health program by hiring additional personnel to compensate for attrition during the previous several years. In addition, MSHA worked with industry to ensure the availability of new, oxygen-supplying emergency breathing apparatus so that all underground coal mines could have the apparatus on hand by the fiscal year's end.

Coal Mine Safety and Health

There were 1,970 underground mines, 2,255 surface mines, and 1,085 other surface facilities under MSHA jurisdiction during the fiscal year. Coal mine inspectors, supervisors, and specialists operated from 10 district offices, 18 subdistrict offices, and 68 field offices during the fiscal year. The coal mine safety and health workforce was strengthened during fiscal 1982 by the transfer of training positions to the districts during the reorganization and by the hiring of more than 200 new coal mine inspectors. The workforce numbered 1,897 at the end of fiscal 1982, compared to 1,698 in fiscal 1981, 1,797 in fiscal 1980, and 1,853 in fiscal 1979.

MSHA conducted 79,977 coal mine inspections and investigations during fiscal 1982, of which 55,448 were at underground mines, 16,082 at surface mines, and 8,447 at other surface facilities. MSHA inspectors issued 116,640 citations and orders to coal mine operators and independent contractors for violations of safety and health regulations. Under new procedures adopted in May, mine operators and labor representatives requested 1,207 health and safety conferences with supervisory officials to discuss inspectors' findings; 946 of these conferences were held.

Training specialists made 959 consultative visits to coal mines from June through October 1, 1982.

MSHA investigated three major underground coal mine explosions during fiscal 1982. The first, which occurred on December 7, 1981, at the Adkins Coal Co.'s No. 11 Mine, Knott County, Ky., resulted in the deaths of eight miners. The second occurred the following day at the Grundy Mining Company's No. 21 Mine, Marion County, Tenn.; it resulted in 13 fatalities. The third occurred on January 20, 1982, at the RFH Coal Company's No. 1 Mine, Floyd County, Ky., taking seven lives. Other multiple-fatality coal mine accidents investigated by MSHA during the fiscal year included eight roof falls that caused 17 deaths and a structural failure accident that killed three miners.

New regulations requiring self-contained self-rescue devices which provide oxygen for miners who may be exposed to suffocating atmospheres in a mine fire or explosion became effective in June 1981. During fiscal 1982, MSHA continued its policy of considering operators to be in compliance with this regulation if they made a good faith effort to obtain the devices in a timely manner. Cooperative efforts with industry, manufacturers and labor led to the successful deployment of these devices in almost all underground coal mines by the fiscal year's end, when it became mandatory to have the devices in place.

MSHA's Coal Mine Safety and Health activity conducted an internal evaluation of its national ventilation enforcement program in fiscal 1982. Its objectives included determining the uniformity of enforcement of the law, regulations, and policy and guidelines and determining the need to correlate ventilation and roof control plans. The evaluation team audited district practices, reviewed representative ventilation plans, and interviewed district personnel. MSHA held meetings with key industry organizations to discuss the evaluation findings and is developing a concentrated internal program to upgrade health and safety efforts in the area of ventilation.

A major coal mine health problem in past years has been high respirable dust levels on mining sections using the longwall mining technique. During fiscal 1982, there was a significant decrease in the number of longwall sections with continuously excessive respirable dust levels. Also during the fiscal year, however, results of MSHA's recently revised quartz analysis program indicated that quartz dust is a more prevalent health hazard in coal mines than had previously been realized.

Coal mine operators filed 141 petitions for modification of safety standards with MSHA during fiscal 1982. A total of 172 petitions, including a number from previous years, were granted, denied, or dismissed.

Coal mine personnel filed 276 complaints of discrimination with MSHA during the fiscal year. In addition, MSHA in fiscal 1982 opened 86 investigations of possible knowing and willful violations at coal mines.

Metal and Nonmetal Mine Safety and Health

A restrictive amendment to Public Law 97-92, a continuing budget resolution effective December 16, 1981, precluded MSHA from exercising its authority at sand and gravel, surface stone, surface clay and colloidal phosphate operations.

The resolution was extended by Public Law 97-161 from April 1 through September 30, 1982. As a result of these actions, 200 Metal and Nonmetal Mine Safety and Health employees were furloughed from January through May 29, 32 field offices were closed, and on May 30, 259 employees were separated under reduction-in-force procedures. Effective July 18, H.R. 6685 restored jurisdiction to MSHA over the exempt operations. Ten of the closed field offices were reopened, and one new field office was established. At the close of fiscal 1982, the Metal and Nonmetal Mine Safety and Health activity was operating from 6 district offices, 12 subdistrict offices and 53 field offices, with a workforce of 550 employees.

During the 1982 fiscal year, 7,551 regular inspections were made at approximately 750 underground metal, nonmetal and stone mines and about 12,900 surface mines, stone quarries and sand and gravel operations. A total of 7,675 citations and orders for violations of standards and for imminent danger conditions were issued. In addition to regular inspections, compliance followup inspections were conducted to check the abatement of hazards on which citations or orders were issued, frequent inspections of gassy mines were made, and other inspections were conducted during shaft-sinking activities, during the operation of hoisting equipment, and at electrical installations. Because of the exempt status of some mining operations during part of fiscal 1982, meaningful comparisons of the numbers of inspection and investigation activities cannot be made with previous years.

Following inspections, mine operators and labor representatives requested 94 health and safety conferences with district managers under procedures instituted in May 1982. A total of 71 health and safety conferences were held by the fiscal year's end.

Investigations of 99 discrimination complaints and 79 possible knowing and willful violations at metal and nonmetal mines were initiated in fiscal 1982.

Two special emphasis programs continued in fiscal 1982. One, the Program in Accident Reduction (PAR), is aimed at reducing hazards at mines with injury incidence rates significantly higher than the national average. The success of PAR during fiscal year 1982 at the selected mining operations with emphasis on good safety programs, job safety analysis, accident prevention and safety awareness on the part of both management and labor, is shown by the 52-percent reduction in the number of lost workday injuries and 37-percent reduction in the injury incidence rate for three quarters of the fiscal year compared with injuries and incidence rate at the same operations during three quarters of fiscal 1981. A total of 69 MSHA employees and 92 persons from industry were trained during fiscal 1982 in the concepts of PAR at the National Mine Health and Safety Academy.

The Compliance Assistance Visit (CAV) program was begun in fiscal 1980. Conducted only at the request of a mine operator, CAV's provide an opportunity for a no-penalty inspection of a new mine, section or equipment before it goes into operation or of a seasonal or intermittent mine prior to reopening. No monetary penalties result from the CAV. During fiscal 1982, 914 CAV's were conducted and 5,194 nonpenalty notices were written, fewer than in the two previous fiscal years because of the exempt status of surface stone and sand and gravel operations during part of the year. During past years, the majority of CAV's were conducted at the exempted categories of operations.

In addition to these consultative activities, new district training specialists made 168 visits to metal and nonmetal mines by the close of fiscal 1982.

During the same period, Metal and Nonmetal personnel began work with committees established to review eight sections of mine safety and health standards with the highest priority for review. This project included review of metal and nonmetal air quality standards in which lists of toxic substances found in mining were compiled, three open conferences were held, and current respiratory protection requirements were reviewed in fiscal 1982. MSHA and the Health and Human Services Department's National Institute for Occupational Safety and Health also continued to work on developing improved standards for silica, mineral fibers, and radiation.

Several health problems on mining properties that were investigated during fiscal 1982 involved chemicals including cyanide and polychlorinated biphenyls. An inventory of mining chemicals was being conducted to produce an information re-

source for inspectors and the industry to include manufacturing information, material safety data sheets, and sampling procedures for numerous chemicals used in the mines.

Office of Standards, Regulations and Variances

The Office of Standards, Regulations and Variances, which coordinates MSHA rulemaking, continued work on reviews of existing standards and regulations, intended to improve MSHA's safety and health standards in a manner consistent with the goals of regulatory reform. The agency encouraged extensive public participation in these projects. Major efforts were devoted to revising the regulations under which MSHA proposes civil penalties for violations. During February 1982, public hearings were held in Pittsburgh, Pa.; St. Louis, Mo.; and Salt Lake City, Utah, to address major issues raised by proposed revisions of these regulations that had been published in fiscal 1981. The hearings were well attended by representatives from all segments of the mining community. Transcripts of the proceedings were taken and made available for public inspection. After intensively reviewing its own experience and evaluating comments from both the mining industry and the public at large, MSHA on May 21, 1982, published a final rule that revised the existing procedures for proposing civil penalties. The final rule improved the civil penalty process and provided more effective incentives for operators to comply with the law, standards and regulations.

MSHA was reviewing many of its safety and health standards to eliminate unnecessary reporting and recordkeeping requirements, remove conflicting provisions, delete irrelevant standards, simplify and consolidate existing regulations, update standards to conform to state-of-the-art technology, and clarify and reorganize standards where necessary.

In fiscal 1982, MSHA continued its comprehensive review of metal and nonmetal mine safety and health standards. On March 9, 1982, the agency published a notice advising the public that MSHA would hold 26 public conferences throughout the country to discuss issues relating to metal and nonmetal mining standards on ground control; fire prevention and control; air quality; explosives; loading, hauling, and dumping; electricity; use of equipment; and gassy mines. The conferences were well received by all segments of the mining community. MSHA is now using the information gathered at these conferences to assist in drafting possible revisions of the metal and nonmetal mining standards.

In July 1982, MSHA initiated a comprehensive review of underground safety standards for coal mines and published an advance notice of proposed rulemaking requesting comments from the public. MSHA specifically solicited comments with respect to possible regulatory action concerning standards for roof support, blasting and explosives, and ventilation plan requirements and criteria.

In addition to these major projects, on March 16, 1982, three final rules were issued and became effective. an amendment of regulations governing approval of electric cap lamps for use in underground mines, a rule governing approval of telephone and signaling devices for use in underground mines, and a rule governing approval of mobile diesel-powered transportation equipment for use in gassy metal and nonmetal mines. These rules modify requirements for approval of equipment so that MSHA can test and certify equipment that incorporates advanced technology.

Also during fiscal 1982, MSHA worked on drafting proposed uniform standards intended to replace the separate safety standards now governing the use of wire ropes in hoisting miners at coal mines and at metal and nonmetal mines. The decision to draft new standards was motivated by a legal decision in which the Federal Mine Safety and Health Review Commission held that the current MSHA standard for hoist ropes in coal mines which incorporates a national consensus standard is not a mandatory standard and imposes no duty on mine operators. The proposed rule would clarify the wire rope standards, update them to accomodate state-of-the-art technology, and provide separate but uniform wire rope standards for the entire mining community.

MSHA also published final rules for implementing the agency's internal reorganization of field responsibilities related to education and training and to citation conference procedures.

Office of Assessments

When the new civil penalty regulations were issued on May 21, 1982, the assessment program was reorganized.

The assessment conference function was eliminated along with the nine separate assessment conference offices. Increased emphasis was placed on the inspection closeout conference for resolving differences surrounding a violation. The inspector was given the responsibility for explicitly determining the gravity of a violation and the negligence of the operator. A safety and health conference with district supervisory personnel was

also provided in the new rules for occasions when issues cannot be resolved at the closeout. Once any such conference has been held, the violations are forwarded to the Office of Assessments for assessment of a civil penalty.

The new regulations and assessment reorganization were well accepted by the mining industry. Assessments were timely made and payment continued to be received for most assessments. During the year 928 assessment cases (about 3 percent) were referred at the operator's request to the Office of the Solicitor for a hearing with the Federal Mine Safety and Health Review Commission.

A commercial credit agency was hired on a pilot basis to assist in the collection of unpaid civil penalties. This initially successful effort was to be expanded during fiscal 1983.

Educational Policy and Development

The reorganization of MSHA in fiscal 1982 placed the field training activities under direct supervision of the MSHA district managers instead of the 10 training centers formerly belonging to the Directorate of Education and Training. At least one education and training specialist was placed as a staff member in each district office. These specialists continued to be involved in approval of training plans, monitoring training programs for effectiveness, instructor training and certification, qualification and certification of mine personnel for critical tasks, mine rescue training, and support of voluntary safety associations. Under the reorganization, they also conducted hazard analysis and consultation at mines that need special assistance to improve safety and training programs.

The Office of Educational Policy and Development was established under the reorganization to coordinate national policy on mine safety and health training. The office also supervises the National Mine Health and Safety Academy and administers MSHA's state grants program.

The cooperative training role of the National Mine Health and Safety Academy received growing emphasis in fiscal 1982. Many new courses were developed and presented during the fiscal year for groups from industry, labor, State and Federal agencies, and universities. Staff conducted more than 7,000 hours of classroom and laboratory instruction at the Academy and many additional hours of training in the field.

During the year, there were 10,932 participants in Academy programs for some 39,000 student-days. Of these student-days, 65 percent comprised training of MSHA personnel, and

the remainder consisted of industry, labor, and other participants.

In addition, many MSHA employees participated in the Academy's program of correspondence courses, with 645 new enrollments during the year.

The Academy continued to develop instructional materials on health and safety subjects of concern to MSHA and the mining industry. In fiscal 1982, this function was strengthened by the transfer to the Academy of MSHA's audiovisual services group, formerly in Pittsburgh, Pa.

Emphasis was placed on cooperation with the mining community to develop training materials that address specific, immediate needs. For example, MSHA, four explosives manufacturers, and the Commonwealth of Kentucky jointly developed a training program for miners involved in "shooting from the solid," a blasting technique improperly applied at two underground coal mines that had disastrous explosions during the fiscal year.

In June, the First Joint Mine Health and Safety Conference was held at the Academy as part of MSHA's effort to improve coordination and cooperation among members of the mining community. The conference brought together more than 100 individuals from mining companies, labor unions, trade associations, consulting firms, academic institutions, State agencies, the Bureau of Mines, and MSHA. Working in discussion groups, the participants brought forward many valuable insights into the safety and health needs of the industry, and the conference spawned plans for similar meetings on a regional basis.

The Academy distributed approximately 100,000 safety manuals and other mine health and safety materials during the year. Some \$152,000 worth of films, tapes and other training materials were sold.

During the year a final report which presented validated task inventories for inspecting underground and surface coal mines was completed. In addition, an evaluation of the Academy's advanced inspector training was begun as part of the Academy's continuing work to ensure the currency, technical accuracy, and relevance of Academy training.

Technical Support

During fiscal 1982, MSHA's Directorate of Technical Support continued to provide engineering and scientific expertise to other segments of MSHA and to the mining industry by con-

ducting mine investigations, laboratory testing and analyses, and other technical assistance.

Technical Support responded to 11 mine emergencies resulting from fires, methane explosions, and blasting accidents. During the emergencies, Technical Support provided engineering, analytical and logistical support to MSHA officials. Technical Support personnel also took part in MSHA's investigations into the cause of each emergency.

MSHA processed 176,541 respirable coal mine dust samples within one day of receipt, calibrated more than 3,660 noise and radiation instruments for use by its inspectorate, and conducted more than 570 in-mine investigations of safety and health hazards at the request of the district organizations.

Technical Support recommended approval by the districts of 228 mine waste impoundment plans and 40 devices for use in lieu of protective canopies on mining equipment. In addition, 67 blasting plans were approved for the Interior Department's Office of Surface Mining.

The Approval and Certification Center at Triadelphia, W.Va., completed about 7,180 approval actions on equipment used in the mining industry. A \$4.5 million contract was awarded for a new building to house MSHA testing and approval activities.

The Health and Safety Analysis Center processed 118,590 accident, injury and illness reports during the fiscal year. Quarterly reports on injury experience in the mines were prepared and published, providing information on accident trends for MSHA officials and the industry.

Labor-Management Services Administration

Creation of a new Division of Cooperative Labor-Management Programs within the Labor-Management Services Administration (LMSA) highlighted the agency's increased efforts to encourage and assist employers, employees, and unions to undertake joint programs to improve productivity and enhance the quality of working life.

Strengthened enforcement capabilities to prevent the misuse of union funds continued to be one of the agency's top regulatory priorities. A program designed to provide a quick discovery method to test and evaluate an international union's level of compliance with civil and criminal provisions of the Labor-Management Reporting and Disclosure Act (LMRDA) was implemented on a regular basis during the year.

In its enforcement of the pension reform law, LMSA continued its strong commitment to aggressively enforcing the fiduciary provisions of the Employee Retirement Income Security Act (ERISA) and to eliminating unnecessary regulatory requirements. Priority was given to conducting civil and criminal investigations and to processing prohibited transaction exemption requests.

Labor-Management Relations

Creation of a new unit, the Division of Cooperative Labor-Management Programs, highlighted stepped-up efforts by the Office of Labor-Management Relations Services (LMRS) to assist and encourage employers and workers to undertake joint efforts to improve productivity and enhance the quality of work-life.

LMRS staff planned and coordinated a Secretary of Labor's Symposium on Cooperative Labor-Management Programs which was attended by 44 key representatives of business, labor, government, and third party neutrals. The symposium discussions focused on the impact of cooperative labor-management programs and their results, the key issues impeding progress and expansion of cooperative programs, and the strategies to overcome impediments to these programs. A published report of the symposium also identifies what the Department of Labor can do to encourage and assist in the development and implementation of such programs.

A Resource Guide to Labor-Management Cooperation was published describing 181 in-plant programs and listing industry labor-management committees, area labor-management committees, and productivity and quality of worklife centers. Entries are indexed to permit users to identify programs in their region, industry, or union and to initiate exchanges of information. These entries are the beginning of an extensive data file to provide information to parties interested in identifying such programs.

Other new publications dealing with cooperative labor-management programs and issues include *Starting Labor-Management Quality of Work Life Programs*, the *Operation of Area Labor-Management Committees*, and *Plant Closings: What Can Be Learned From Best Practice*.

Outreach efforts with a number of trade associations and international unions have resulted in those organizations identifying cooperative activity among their constituencies and developing strategies for assisting these programs.

The agency continued its policy of encouraging resolution of labor-management disputes with a minimum of direct participation. This policy was followed in negotiations involving the petroleum refining, trucking, rubber, electrical products, meat-packing, auto, and farm and construction equipment industries.

The Secretary of Labor and the President, as well as other key government officials, were given "early warning" reports on contract negotiations that could affect the national interest.

Legislative analysis activities covered a broad range of issues in labor relations law and related fields. The Labor-Management Racketeering Act, S.1785, was passed by the Senate, but had not received action by the House of Representatives as the fiscal year came to a close. The Senate-approved bill would strengthen somewhat the provisions of the Labor-Management Reporting and Disclosure Act (LMRDA) and the Employee Retirement Income Security Act (ERISA) that disqualify individuals convicted of certain crimes from serving in specified positions related to unions and employee benefit plans. The legislation also would increase penalties for certain violations of those Acts and the labor bribery provisions of the Taft-Hartley Act.

Other legislative matters that received attention included proposals on regulatory reform, employee protection, and veterans' issues. The House and Senate passed legislation transferring responsibility for administration of the veterans' reemployment rights program from LMSA to the Assistant Secretary for Veterans' Employment. The House also passed a bill to clarify the

period for which an employer is required to grant an employee who is a member of the National Guard or Reserve a leave of absence to perform required duty for training. Weekly and special reports informed the Assistant Secretary and other key agency officials about legislative developments in these and other areas.

LMRS staff also contributed to the Department's international labor relations activities. Issue and discussion papers, as well as informational materials, were prepared for meetings of the International Labor Organization (ILO) and the Organization of American States. The Deputy Assistant Secretary and the Director of the Office of Labor-Management Relations Services attended the ILO's Chemical Industries Committee meeting in September. Work also continued under the Department-to-Ministry Program, an exchange between the Labor Department and the labor ministries of several other nations. LMSA continued its role in administering the labor relations sections of the cooperative agreement reached in 1979 with Israel's Ministry of Labor and Social Affairs under the auspices of this program. The agency assisted in implementing a training program for Jamaican management, labor, and government officials.

Research support was provided in the administration and enforcement of the laws over which LMSA has jurisdiction. The staff continued to provide monthly reports on national union election procedures and schedules, developed data on national union constitution provisions that bar from nomination for local office members who belong to organizations whose goals are inimical to the interests of the union, and researched the structure and administration of a selected sample of local unions having broad geographical jurisdiction and highly mobile members.

An experimental research project on the mediation of grievances in selected coal districts was completed successfully and was expanded by the parties to include other districts after LMSA funding had run its course. Also completed was a study of labor-management relations in State and local governments, the last of a series of annual tabulations initiated in 1974.

Two contract studies were completed on labor-management cooperation. The first examined participatory strategies for saving local jobs by strengthening local economies through labor-management cooperation and employee ownership; the second described the origins, structure, and operation of area-wide labor-management committees. The latter was to be published jointly by the Division of Research and Analysis and the

Division of Cooperative Labor-Management Programs and was the basis for two papers delivered before major professional organizations.

LMSA continued to administer legislatively mandated programs that provide protections to workers who are adversely affected by the expansion of the Redwood National Park or by the transfer of mass transportation facilities from private to public ownership. These activities include certifying agreements that are developed to protect the interests of employees affected by urban mass transportation grants made by the Department of Transportation under the Urban Mass Transportation Act of 1964. A Department of Labor-Department of Transportation Task Force continued its review of administrative changes in the labor protection requirements of Section 13(c) of the Urban Mass Transportation Act.

An important decision on section 13(c) was handed down by the Supreme Court in June 1982 in the case of *Jackson Transit Authority et al. v. Local Division 1285, Amalgamated Transit Union, AFL-CIO-CLC*. The court ruled that a union representing employees of a public transit system cannot sue in Federal court to enforce its collective bargaining agreement, even if the transit system has received Federal funds. Existence of employee protection arrangements developed under section 13(c) does not create a Federal cause of action for alleged contract violations, the court held.

In May, LMSA published the second supplement to the digest of decisions in cases involving disputes over employee protections under the Urban Mass Transportation Act and the Rail Passenger Service Act. With the 1982 supplement, the digest covers determinations made by the Assistant Secretary in 107 cases between March and May 1982.

Labor-Management Enforcement Programs

The new strategy for auditing union financial records designed to identify and concentrate resources on cases most likely to involve major civil and criminal violations of the law enabled the Office of Labor-Management Standards Enforcement (LMSE) to continue the high number of audits and embezzlement investigations conducted. Using the Compliance Audit Program (CAP), LMSE completed 739 union audits and 536 embezzlement investigations during the year.

In addition, LMSE launched an International Compliance Audit Program (ICAP) in fiscal 1982. Similar to the CAP program used in auditing local union financial reports, the

ICAP program is designed for use when auditing international union financial reports. Eight ICAP's were planned for fiscal 1982. Six were completed and two were referred for further investigation. The year's ICAP's were conducted by the national office; the next year, ICAP will be integrated into LMSE on a nationwide basis with each region scheduled to conduct at least one audit.

Criminal charges under the Labor-Management Reporting and Disclosure Act (LMRDA) were brought against 38 people, including two former union officials who were convicted in the largest embezzlement case ever brought under the law. The officials, a former business manager and financial secretary and an office manager of a Sheet Metal Workers' Union local in Denver, pled guilty to embezzling more than \$557,000 in union funds.

During the year, 51 people were convicted of LMRDA violations or agreed to pretrial diversions of their cases; four people were acquitted and criminal charges against one person were dismissed.

The agency instituted 49 civil actions under LMRDA in Federal district courts; 48 of them sought to set aside union elections including one conducted by a national union, the National Education Association.

LMSE completed 7,722 criminal and civil investigations during the year. Of these, 5,580 involved delinquent or deficient union financial reports and 293 involved union elections.

The LMRDA, also known as the Landrum-Griffin Act, requires virtually all unions to file annual financial reports with the Department. There were 49,547 labor organizations with reports on file as of September 30, 1982, down from the previous year's total of 50,904.

The Branch of Election Assistance (BEA) provided advice and technical assistance on the election provisions of the LMRDA to 26 national and international unions and responded to 203 written, telephone, and walk-in inquiries from union officials. BEA also digested 461 cases under titles I, III, and IV of the LMRDA to be included in a forthcoming supplement to the *Union Officer Elections and Trusteeships Case Digest*.

The agency supervised the officer elections of two national unions in August 1982, bringing to an end the largest supervised election LMSE has ever attempted since enactment of the LMRDA. The national officer elections of the American Federation of Government Employees and the International Association of Fire Fighters were supervised under voluntary

agreements worked out with the unions following complaints about the conduct of their previous national elections. Together, the two unions have more than 3,400 locals representing more than 433,000 members nationwide. Supervising the elections involved an extensive effort to monitor the entire process from the nomination and election of convention delegates by most of the unions' locals to the actual balloting for officers at their national conventions.

Pension and Welfare Benefit Programs

The Office of Pension and Welfare Benefit Programs (PWBP) emphasized deregulation and enforcement in administering its responsibilities under the Employee Retirement Income Security Act (ERISA) in fiscal year 1982.

To strengthen enforcement, PWBP developed and carried out new initiatives to pursue criminal violations, improve targeting methods, and streamline case handling. A new policy was adopted to devote additional program resources to investigating potential criminal violations involving pension and welfare plans and to provide complete referrals of such cases to the Department of Justice and the Federal Bureau of Investigation. Field managers received training to improve their criminal investigation skills. PWBP also undertook a major effort to upgrade and expand its computer analysis of the annual financial reports submitted by employee benefit plans as a means of identifying potential ERISA violations.

Case handling was improved by giving field offices greater authority to settle cases, streamlining the case review process, and implementing a computerized system for tracking the statute of limitation expiration dates of cases under ERISA investigations.

Actions also were taken to bolster ERISA litigation by adding staff, stressing enforcement value rather than precedent in selecting cases for litigation, and initiating a pilot project to decentralize litigation. The pilot project called for litigation in certain ERISA cases arising in the San Francisco Region to be handled by the regional office. Previously, all ERISA litigation had been handled in the national office. If the decentralization test proved a success, it was to be expanded to other regions. Under the pilot project in the San Francisco region, the Department settled two law suits, including one that recovered \$240,000. In the largest single financial settlement to date under ERISA, the Department recovered \$3.5 million for a New Jersey Teamsters pension plan in a law suit against an investment management firm.

Overall, PWBP closed 2,373 investigations in 1982. These investigations resulted in voluntary compliance or litigation that caused \$34 million in plan assets to be restored and prevented an additional \$53 million from being imprudently or illegally used. In addition, PWBP helped to obtain \$5.1 million for individual participants and beneficiaries who sought the agency's assistance after encountering difficulty in getting benefits due them.

In keeping with the emphasis on deregulation, PWBP followed a policy of issuing only those regulations that reduce paperwork, increase certainty about the legality of certain types of plan investments, or increase flexibility of plan operations. A special task force established to review ERISA reporting and disclosure requirements recommended changes to reduce paperwork burdens.

PWBP proposed and issued five regulations during 1982, three of which simplified or reduced paperwork requirements. These included final regulations on reporting requirements for master trusts and on the summary annual report rules for small plans, and a proposed revision to the summary plan description regulations. Also issued were a regulation which allows retirees to work part time without having their pensions suspended and the first part of a regulation on the definition of plan assets.

PWBP continued issuing exemptions from the prohibited transactions of ERISA and granted 191 exemptions, a record number. To facilitate pension fund investments in housing, PWBP issued a broad class exemption on residential financing arrangements, and proposed an expansion of the class exemption on mortgage pools.

Some 74 advisory opinions were issued to explain the application of ERISA's provisions to specific situations. Of special interest were two advisory opinions clarifying how employers can provide payroll deductions for individual retirement accounts (IRA) without being considered to have established a pension plan. Another major opinion addressed the application of ERISA's fiduciary responsibility requirements to financial futures trading.

In other activity during the year, PWBP continued to conduct research and to provide information and technical assistance to plan administrators and the public. A public affairs television program produced by PWBP to illustrate common pension problems experienced by individuals was shown by Public Broadcasting System stations across the country.

Veterans' Reemployment Rights

About the same number of veterans' reemployment rights cases were processed by the Office of Veterans' Reemployment Rights (OVR) in 1982 as were handled in 1981.

OVR opened 2,240 new cases during the year compared with 2,383 in 1981. About 34 percent of the new cases involved the basic right of veterans to reinstatement in their pre-service jobs. Cases dealing with Reservists and members of the National Guard accounted for 34 percent of the caseload, compared with last year's 42 percent.

Some 2,159 cases were closed by OVR during the year, compared with 2,360 in 1981. The agency referred 139 cases to the Justice Department for possible legal action after mediation between the parties failed to resolve the complaint.

Reemployment rights briefings were given at military separation centers for 263,554 men and women returning to civilian life, slightly below the 275,203 who were briefed in 1981.

Veterans attending the briefings also received information about services available to them through other Labor Department agencies. Copies of the referral forms filled out by departing personnel were sent to the Employment and Training Administration to use in helping veterans find new jobs. OVR also used these forms to send information on the reemployment rights law to the employers of the 73,181 veterans who indicated that they had left a civilian job to enter the Armed Forces. Only 26 percent of the veterans indicated that they had been previously employed, compared with 29 percent in 1981.

Administration and Management

LMSA acquired significant but low-cost computer capability to enable the agency to hold the line on automatic data processing expenditures through fiscal year 1984. No large scale contracts were anticipated even though a major nationwide investigative support system capability was planned over the next two years.

An administrative manual distributed to national and field offices outlines decentralized responsibilities of all agency managers for the control of the funds used in their programs. Actions were initiated to increase managerial participation in the development of annual budgets and operating plans, in monitoring spending, and in financial projections.

To strengthen internal control, the Office of Management developed methods designed to evaluate and rate the susceptibility of the agency to the loss or unauthorized use of resources,

errors in reports and information, illegal or unethical acts, and adverse or unfavorable public opinion.

Travel and telecommunication costs were significantly lowered. New procedures were established to reduce travel costs, and the cost of telephone service—including commercial, FTS, and long distance calls—was subject to continual scrutiny.

Further refinements to an automated equipment inventory reporting system were expected to improve the effectiveness of procedures used to compare the merits of purchasing or renting equipment.

An improved employee performance standards system previously established for senior managers was extended and implemented to cover all agency employees.

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Veterans' Employment

The first Assistant Secretary for Veterans' Employment (ASVE), William C. Plowden, Jr., was sworn in on Dec. 10, 1981, and the Office of the Assistant Secretary for Veterans' Employment (OASVE) was formally established in December 1981. The creation of the OASVE established one focal point for all veterans employment and training programs. With the establishment of the OASVE, the Veterans' Employment Service was reorganized and the Disabled Veterans' Outreach Program (DVOP) was transferred from the Employment and Training Administration to the ASVE.

Legislative Initiatives

Fiscal year 1982 produced a number of pieces of legislation that had an impact on DOL veterans programs. The Veterans' Compensation, Education and Employment Amendments of 1982 provided for the transfer of the Veterans' Reemployment Rights program to the ASVE from the Labor-Management Services Administration; clearly directed that the DVOP be administered by the ASVE; and created a Secretary's Veterans Advisory Committee. The Job Training Partnership Act contained a special national Veterans Employment Programs section. The Act requires the Secretary to conduct programs to meet the employment and training needs of service-connected disabled veterans, veterans of the Vietnam era, and veterans who are recently separated from military service.

Job Service

Fiscal 1982 was a year of transition for the Job Service. Although faced with budget cuts in the midst of a worsening economy, the Job Service still provided priority services to veterans. Through the third quarter of fiscal 1982, veterans were placed in jobs at a rate of 21.6 percent while the rate for total applicants was 18.3 percent.

National Programs

The OASVE continued operation of several national employment programs directed at veterans with special employment needs. Among the groups targeted for special assistance are Vietnam-era veterans, blinded veterans, minority veterans, and disabled veterans. Funding for these special national programs amounted to approximately \$2 million.

Veterans Employment Service

The field staff of the Veterans Employment Service monitored and evaluated services to veterans provided at the more than 2,000 local Job Service offices. Close coordination provisions of technical assistance were maintained with Comprehensive Employment and Training Act (CETA) prime sponsors, government agencies, and employer and veteran organization representatives.

Office of the Solicitor

The workload for the Office of the Solicitor continued at a steady pace during the 1982 fiscal year. The national office received over 29,000 cases (over half of them Office of Workers' Compensation Programs cases) while the 16 field offices received 16,000 cases. More than 10,000 written opinions were issued by the national and field offices during the fiscal year. Of particular note in fiscal 1982 was the creation in March of the Division of Special Appellate and Supreme Court Litigation. This new division centralizes and coordinates the handling of important appellate litigation for the Department.

Legislation and Legal Counsel

As a result of the reorganization of the Solicitor's Office in fiscal year 1982, the Division of Legislation and Legal Counsel assumed a number of new responsibilities. These responsibilities included providing administrative legal services under the Freedom of Information and Privacy Acts, providing legal advice and representation in connection with the Department's internal labor relations and personnel programs, assisting in the preparation of *Federal Register* documents, and providing legal services to the Bureau of Labor Statistics. In addition, the Office continued to work closely with other DOL officials in drafting bills and supplying related background materials, presenting the views of the Department on pending legislation, giving technical assistance to congressional committees, and providing a wide variety of "house counsel" functions.

The division participated in the development and drafting of a number of legislative proposals. The Department submitted to the Congress draft legislation to replace the Comprehensive Employment and Training Act (CETA) which was scheduled to expire on September 30, 1982. On October 1, 1982, Congress passed the Job Training Partnership Act to replace CETA, and it was signed into law by the President on October 13, 1982.

Amendments to the Black Lung program were adopted in December 1981. These amendments, submitted by the Administration during the last fiscal year, included provisions designed to reduce the borrowing of the program from the Treasury and to encourage repayment of the outstanding debt over a period of

about 15 years. Measures to accomplish this included increased assessments on mine operators and stricter eligibility criteria for future claimants.

Proposed amendments were submitted to Congress to limit eligibility for unemployment compensation payable to former members of the armed forces. In the Miscellaneous Revenue Act of 1982 Congress extensively revised the unemployment compensation program for ex-members of the armed forces. In addition, a proposal was submitted to round down to the nearest dollar the weekly benefit amount payable to all unemployment compensation recipients. A rounding-down provision was enacted by Congress in the Tax Equity and Fiscal Responsibility Act of 1982 but its application was limited to the extended benefits program and the Federal supplemental compensation program.

The Department also submitted legislative proposals to alter the temporary alien agricultural worker (H-2) program and the labor certification for permanent resident alien admissions in S.2222, the proposed Immigration Reform and Control Act. In addition, a new Migrant and Seasonal Agricultural Worker Protection Act was proposed to replace the Farm Labor Contractor Registration Act. As of the end of the fiscal year, Congress still had pending major immigration reform legislation and the Department's Migrant and Seasonal Agricultural Worker Protection Act.

The division participated in the development of legislation that would strengthen the provisions of the Employee Retirement Income Security Act (ERISA) and the Labor-Management Reporting and Disclosure Act (LMRDA). The proposed legislation would disqualify individuals convicted of certain crimes from serving in specified positions relating to labor organizations and employee benefit plans. H.R. 1785, which embodied provisions relating to these matters, was passed by the Senate, but had not yet been acted upon by the House of Representatives by the end of the fiscal year.

The division also worked closely with the Treasury Department on drafting legislation to supplement the Government's ability to enforce conditions relating to independent investment management in Internal Revenue Service determination letters. The legislation, in a modified form, was passed by the House. In the Senate it was reported out by the Finance Committee, but also has not yet been acted upon by the full body.

In fiscal 1982 the division worked on the preparation and clearance of 112 statements to be delivered by Department of Labor witnesses before congressional committees. This repre-

sented a greater than twofold increase over the number of statements handled during the previous year. Departmental officials testified on such important matters as legislation to restructure job training programs, reform of the Federal long-shore workers compensation program, age discrimination and mandatory retirement, legislation to modify provisions of ERISA and LMRDA, and the administration of various DOL programs.

The division also prepared more than 200 reports to congressional committees and the Office of Management and Budget on a broad spectrum of legislative proposals of interest to the Department.

In addition to these legislative activities, the division performed a wide variety of "house counsel" functions. These functions included the furnishing of advice with respect to the Ethics in Government Act of 1978 as well as the other conflict-of-interest laws, orders, and regulations. The division counseled numerous departmental agencies, officials, and employees on financial disclosure requirements, the avoidance of potential conflicts of interest, and permissible postemployment activities. The division also provided legal advice on a variety of administrative law issues involving matters relating to the Administrative Procedure Act, E.O. 12291 (Regulatory Reform), the Regulatory Flexibility Act, the Paperwork Reduction Act, and the Equal Access to Justice Act.

In fiscal 1982 the division also continued to provide legal advice and assistance for the Office of Inspector General.

During fiscal 1981, the division performed the full range of legal services associated with the Freedom of Information Act (FOIA), the Privacy Act, and service of subpoenas on departmental employees. Three hundred forty (340) FOIA administrative appeals decisions were completed during the year and a high volume of new appeals were received. In December 1981, the Secretary promulgated regulations governing responses to subpoenas issued by State or federal courts for the production of documents or for the testimony of departmental employees and officials in cases in which the Department is not a party. These regulations were intended to establish a standard policy for all agencies within DOL.

Labor Management Laws

The division handled several significant appellate cases under the Landrum-Griffin Act as well as under the Redwood National Park Expansion Act. Moreover, proposed regulations

were published establishing rules for first right of hire under the Airline Deregulation Act.

Under the Labor-Management Reporting and Disclosure Act (LMRDA), the Secretary in *Donovan v. District Lodge No. 100, International Association of Machinists*, 666 F.2d 883 (5th Cir. 1982), persuaded the court that holding nomination meetings when members are at work may violate the LMRDA when no provisions are made for absent members to make nominations. The court also stated that a rule permitting only the two candidates receiving the highest number of local union endorsements to run did not promote union democracy.

The Secretary was also successful in attacking the provision in the Laborers International Constitution that required candidates to be "literate and otherwise competent to perform the duties of the office...." Thus, the court concluded that the qualification was unreasonable, because it was so vague and ambiguous that it discouraged potential candidates, and that its application was "almost totally subjective." The court also concluded that, under the circumstances, the complainant's protest to the union expressly challenging the application of the candidacy requirement was implicitly broad enough to allow the Secretary of Labor to challenge the validity of the candidacy requirement. *Donovan v. Local Union 120, Laborers*, 683 F.2d 1095 (7th Cir. 1982).

In *Marshall and Sadlowski v. United Steelworkers of America, AFL-CIO*, 666 F.2d 845 (3rd Cir. 1981), the court of appeals reversed the district court in part, permitting an award of attorneys' fees for the work performed by Sadlowski's counsel up to the date of filing a complaint with the Secretary and affirmed the district court's holding denying all other requests for attorneys' fees. In *Crowley, et al. v. Local No. 82, etc. and Donovan*, 679 F.2d 978 (1st Cir. 1982), *cert. granted*, 51 U.S.L.W. 3552 (Jan. 24, 1983), the court denied the Secretary's attempt to defend his exclusive right to grant postelection relief to an injured union member. In a split decision, the court, relying on legislative history, found that the plaintiffs-appellees had alleged a valid title I cause of action (discriminatory application of rules at a nomination meeting) and that the challenged election was not "already conducted" (where ballots had been mailed out and some returned, but none had been counted) and that, therefore, title IV did not preempt title I rights in this case.

In another case the court found that, although the action of the Director was proper in settling an election complaint under the Standards of Conduct provisions of the Civil Service Reform Act by supervising the next regular election, such action was

nevertheless reviewable by the courts. *Local 1219, AFGE, et al. v. Donovan, et al.*, 683 F.2d 511 (D.C. Cir. 1982). This division subsequently assisted in supervising the union's national election; a similar national election for the International Association of Firefighters was also supervised successfully.

Special Litigation Task Force

The Special Litigation Task Force, formerly known as the Special Litigation Staff, was originally formed to litigate several complex cases arising under the Employee Retirement Income Security Act of 1974 (ERISA) involving the Teamsters' Central States, Southeast and Southwest Areas Pension Fund and Health and Welfare Fund ("the Funds"). During fiscal 1982, the Special Litigation Task Force increased its staff and assumed responsibility for several new cases. It also created a separate audit team and expanded its litigation support facilities.

In *Donovan v. Fitzsimmons*, No. 78-C-342 (N.D. Ill.), an historic consent decree was entered into between the Department and the Central States Pension Fund in September 1982. The decree, to remain in effect for the next 10 to 15 years or longer, was the product of longstanding efforts to protect the assets of the Fund, which exceed three and one-half billion dollars. The decree includes provisions that (1) require the Fund's assets to be managed by a highly qualified independent asset manager; (2) establish an independent special counsel who will have access to the Fund's files and meetings and who will oversee the Fund's compliance with the consent decree, ERISA, and with conditions imposed by Internal Revenue Service determination letters; (3) place strict controls over the Fund's benefits and administration account moneys; (4) provide for the removal of trustees and employees convicted of relevant crimes; and (5) ensure that the Fund will cooperate with the Department. The litigation of the Department's remaining claims in *Fitzsimmons* for restitution against the individual former trustees and an executive of the Fund, which are unaffected by the settlement, has been stayed by the court while settlement negotiations with respect to that aspect of the case continue.

During the fiscal year the Special Litigation Task Force brought several new claims against the Pension Fund's current trustees for alleged ERISA violations. *Donovan v. Nellis*, No. MCA 81-0245 (N.D. Fla.) and *McDougall v. Donovan*, No. 81-C-5891 (N.D. Ill.). In the *McDougall* case, the district court ruled that the Department can file a claim for violation of

ERISA's prohibited transactions section against a party-in-interest as well as against plan fiduciaries. *McDougall v. Donovan*, 539 F. Supp. 596 (N.D. Ill. 1982).

In *M & R Investment Co. v. Fitzsimmons*, 685 F.2d 283 (9th Cir. 1982), a case involving the Pension Fund in which the Secretary intervened and successfully defended at the trial level, the Court of Appeals for the Ninth Circuit affirmed the district court's dismissal of the plaintiff's claims against the Fund.

In *Central States, Southeast and Southwest Areas Pension Fund v. Baron*, No. 78-C-3702 (N.D. Ill.), a case in which the Secretary moved to intervene in order to set aside a settlement entered into by the trustees of the Pension Fund that did not appear to be in the interest of participants and beneficiaries, the district court granted intervention and set aside the questioned settlement.

During the fiscal year, the Special Litigation Task Force substantially completed document discovery in *Donovan v. Robbins*, No. 78-C-4075 (N.D. Ill.). Review of these documents has been undertaken, and approximately 60 depositions are anticipated during the next fiscal year.

The Special Litigation Task Force also successfully concluded two protracted subpoena enforcement actions. Production in response to a subpoena duces tecum issued by the Department in 1978 against the Central States Health and Welfare Fund was completed in full compliance with the court's order in *Donovan v. Baker*, No. 78-C-2449 (N.D. Ill.). In *Donovan v. Amalgamated*, No. 77-C-4720 (N.D. Ill.) (an action enforcing compliance with subpoenas issued in 1977 against Amalgamated Insurance Agency Services, Inc., the Health and Welfare Fund's claims processing service provider, and 11 related entities) production of documents was commenced and has been substantially completed, following unsuccessful attempts by Amalgamated to obtain stays and protective orders in the district court and in the Court of Appeals for the Seventh Circuit.

In addition, the Special Litigation Task Force assumed litigative responsibility from the Plan Benefits Security Division for a major ERISA enforcement case, *Donovan v. Schmoutey*, No. CV-LV-77-47-RDF (D. Nev. 1977). Besides proceeding with substantial documentary and deposition discovery, the Special Litigation Task Force undertook extensive motion practice in the case. Discovery will end around December 31, 1982, with trial to begin on March 1, 1983.

Occupational Safety and Health

The division assisted the Occupational Safety and Health Administration in numerous standards matters during the fiscal year. A major proposal on hazard communication (labeling) was issued and rulemaking hearings were held at four locations around the country. If adopted, the rule would significantly contribute to employee health and safety by making identities of hazardous workplace substances generally available to employees. In addition, the rule would help eliminate the confusion caused by differing State and local regulations in this area. Proposals to amend the diving standard and the rule on employee access to exposure and medical records were also issued. Hearings were also held on the risk assessment and significant risk issues in arsenic, on the proposed marine terminal standard, on scientific and educational diving, and on the hearing conservation standard. Work actively continued on many other standards projects, including lead, cotton dust, tunnels, electrical safety, field sanitation, wheel rims, carcinogen policy, noise, respirators, ethylene dibromide, and ethylene oxide.

With respect to the lead standard, a revised supplemental statement of reasons and amendment to the standard was published pursuant to a court remand in *United Steel Workers of America v. Marshall*, 647 F.2d 1189 (D.C. Cir. 1980), *cert. denied*, 453 U.S. 913 (1981). This statement significantly revised the earlier conclusions of feasibility.

Several significant decisions affecting OSHA were handed down in the circuit courts of appeals this year. In *Federal Casting Div., Chromalloy American Corp. v. Donovan*, 684 F.2d 504 (7th Cir. 1982), the Seventh Circuit held valid an inspection warrant issued under OSHA's former general inspection program (the "National Emphasis Program"). The court found that the warrant, issued pursuant to the NEP, was based upon "specific neutral criteria" and therefore satisfied the balancing test (public interest in the inspection vs. resulting invasion of privacy) for administrative probable cause under the Fourth Amendment. Also in the warrant area, in *Hern Iron Works, Inc. v. Donovan*, 670 F.2d 838 (9th Cir. 1982), the court held as reasonable a warrant to inspect the entire Hern foundry. The warrant in the Hern case was sought both in response to an employee complaint concerning a single area of the foundry and as part of the agency's inspection program. Two enforcement cases were also particularly significant. In *Faultless Div., Bliss & Laughlin Industries, Inc. v. Secretary*, 674 F.2d 1177 (7th Cir. 1982), the Seventh Circuit held that the burden of demonstrating the infeasibility of compliance with the

Secretary's machine-guarding standard, 29 CFR 1910.212(a), must be placed on the employer. Initially rejecting a contention that the standard was unconstitutionally vague, the court held that this allocation of the burden of proof is required since the standard specifies the means of compliance the employer must adopt. In *Super Excavators, Inc. v. OSHRC*, 674 F.2d 592 (7th Cir. 1981), the court held that the requirement of a threshold finding of "significant risk" established in *Industrial Union Department v. American Petroleum Institute*, 448 U.S. 607 (1980) (the benzene decision), applies only to OSHA's exercise of its rulemaking authority and not to its exercise of its enforcement powers under the Act.

A petition for review of the administrative law judge's decision was filed in about 100 of the cases presently pending before the Occupational Safety and Health Review Commission in Washington. Some of the novel issues which were addressed in the briefs filed before the Commission included whether the cost-benefit test should be applied in determining the economic feasibility of engineering controls and whether an employer violates OSHA's general duty clause by exposing employees to a known animal carcinogen.

Other activities included the review of about 125 cases of alleged discrimination under Section 11(c) of the Act and the referral of one case for possible criminal prosecution to the Justice Department.

State plan activities increased and focused on a collateral issue of the benchmarks case and the codification of operational status agreements signed with 10 states. The "State Plans" case, *AFL-CIO v. Marshall*, 570 F.2d 1030 (D.C. Cir. 1978) requires OSHA to establish benchmarks for State staffing levels. The Department filed a brief and conducted oral argument in *Baliles v. Donovan* 549 F. Supp. 661 (W.D. Va. 1981) to dismiss the Commonwealth of Virginia's claim that the "at least as effective" test, used prior to *AFL-CIO v. Marshall*, was best suited for judging the adequacy of State staffing levels. Although the Department agreed with Virginia's claim on the merits, the relief sought could have subjected the Secretary to inconsistent orders of two U.S. district courts. The case was subsequently dismissed. Another significant action on the benchmarks issue was rulemaking to implement an appropriations rider directing OSHA to calculate new benchmarks requiring State staffing levels to be "equivalent to" Federal levels.

The Department also received a favorable ruling in *EID v. Marshall*, 661 F.2d 860 (10th Cir. 1981) with respect to OSHA's procedures involving operational status agreements with State

plan States. These agreements provide that concurrent Federal enforcement authority will not be exercised as to safety and health issues covered by the State plan. Operational status agreements with Arizona, Indiana, Minnesota, Iowa, Nevada, New Mexico, Puerto Rico, Virginia, Wyoming, and the Virgin Islands were codified at 29 CFR Part 1952. In addition, the completion of plan developmental steps in Washington, Oregon, and Puerto Rico led to the certification of their State occupational safety and health programs.

Special Appellate and Supreme Court Litigation

The Special Appellate and Supreme Court Litigation Division was created during fiscal 1982 to draft all documents submitted by the Department to the Solicitor General's Office in the Department of Justice and to handle selected cases in the various U.S. courts of appeals concerning departmental program areas.

The division is responsible not only for all Supreme Court litigation in which the Department participates, but also for coordinating with the program divisions and the client agencies on the content of the briefs which are prepared. The division also provides the Solicitor General's Office with assistance on briefs drafted by other Government agencies that affect the specific statutory or general interest of the Department.

During the past year, the division briefed several significant cases, including one which poses perhaps the most important unresolved issue regarding coverage under the 1972 amendments to the Longshoremen's and Harbor Worker's Compensation Act: whether all employees who work on navigable waters and would have been covered under the original 1927 Act remain covered as persons engaged in "maritime employment" under the current amendments. The Court will address that issue the next term in *Director, OWCP v. Perini North River Associates*, No. 81-897.

Attorneys in the division also drafted the Government's *amicus curiae* brief in *Kramarsky v. Delta Air Lines*, No. 81-1578, a case which was on direct appeal to the Supreme Court this term. In that case, the Government took the position that the Employee Retirement and Income Security Act (ERISA) preempts the New York Human Rights Law, which seeks to regulate the terms and conditions of ERISA-covered plans by prohibiting the denial of disability benefits for pregnancy. The Government also argued that New York's Disability Benefits Law, which requires employers in that State to provide compensation for nonoccupationally related disabilities, is

preempted as it relates to ERISA-covered plans. In the Department's view, however, New York may enforce that law against employers and require compliance through separately administered plans exempt from ERISA coverage under section 4(b) (3). The Supreme Court's decision in this case would have a substantial impact on the operation of State laws in the plan benefits area.

The division also prepared the Government's response to a petition for certiorari in *Morrison-Knudsen Construction Co. v. Director, OWCP*, No. 81-1891, in which the Department successfully urged the Supreme Court to grant review. This case presented the issue of whether employer contributions to union trust funds for health and welfare, pension, and training are "wages" for purposes of computing compensation benefits under the Longshoremen's and Harbor Workers' Compensation Act (LHWCA). The Department maintained that such benefits are not "wages" for purposes of the Act and urged the Court to resolve the question, which poses substantial administrative difficulties for the Director. Since review was granted, this division was to prepare a brief on the merits.

In addition to the Supreme Court work, the division directly handles certain court of appeals cases selected from the appellate docket of all of the program divisions. The cases chosen for handling by the appellate division generally fall into five categories: (1) cases involving constitutional questions; (2) cases with issues affecting more than one program of the Department or other government agencies; (3) cases in which the Department wishes to establish a principle basic to a regulatory or enforcement scheme; (4) cases with important novel questions or the novel application of established principles; and (5) cases involving a substantial amount of money.

The division has handled a number of significant appellate cases thus far. In *Crescent Wharf and Warehouse Co. v. Barracuda Tanker Corp.*, Nos. 82-5290 and 82-5298 (9th Cir. 1982), the division filed a brief in which the Department argued for the first time in a court of appeals that it may maintain a cause of action, on behalf of the "second injury" Special Fund established under section 44 of the LHWCA, against a third party tortfeasor for indemnification of compensation payments made from the Fund. The case was important because the Department had decided to sue third-party tortfeasors for such indemnification wherever appropriate in the future in order to protect the Special Fund.

The division also filed briefs with two circuit courts arguing that the Secretary has the statutory authority to recoup mis-

spent grant funds in cases arising under the 1973 Comprehensive Employment and Training Act, *Atlantic County v. Department of Labor*, No. 82-3081 (3rd Cir. 1982) and *Inter-Tribal Council v. Department of Labor*, No. 82-7003 (9th Cir. 1982). The Department's position in these cases was that the Secretary has such authority (1) implicitly under the 1973 Act; (2) under the explicit 1978 CETA amendments as applied retroactively in pending cases; and (3) under accepted common law principles, wholly apart from any statutory authority. Resolution of this issue could affect the Department's ability to recover millions of dollars in misspent Federal funds.

In *Donovan v. Federal Clearing Die Casting Co.*, No. 82-1174 (7th Cir. 1982), the division argued that under the Occupational Safety and Health Act evidence of safety violations which the Secretary has discovered pursuant to an invalid search warrant that he reasonably and in good faith believed was proper, should not be suppressed in administrative OSH proceedings. This issue affects the Secretary's ability to enforce the Act whenever evidence is collected pursuant to a search warrant that is obtained in good faith, but ultimately turns out to be invalid.

Finally, the division briefed a case of first impression regarding the constitutionality of the reports required by the Labor-Management Reporting and Disclosure Act (LMRDA) of persons who attempt to persuade employees regarding the exercise of their collective bargaining rights. *Master Printers Association v. Donovan*, No. 82-1459 (7th Cir. 1982). The Department interpreted section 203 of the LMDRA to require persons engaged in persuader activities to file an annual report disclosing income and expenditures on account of all labor relations advice or services rendered to any employer during the year. This division defended this interpretation against a charge that it violates the First Amendment rights of members of an association engaging in such persuader activity. The Department's brief argued that there is no reasonable probability that requiring such disclosure by an association will impermissibly "chill" its members' rights to solicit and receive labor relations advice and that the limited disclosure required passes constitutional muster, because it serves compelling Federal interests that are substantially related to the information disclosed.

Plan Benefits Security

During the fiscal year, the division litigated an increasing number of cases involving both important issues of fiduciary

responsibility under the Employee Retirement Income Security Act of 1974 (ERISA) and substantial amounts of actual or potential losses to pension plans. Regulatory efforts concentrated on reducing paperwork burdens, providing guidance on the interpretation of key statutory terms, and facilitating investment transactions by financial institutions who act on behalf of employee benefit plans.

The U.S. Court of Appeals for the Second Circuit issued an important decision on the scope of ERISA's fiduciary responsibility in *Donovan v. Bierwirth*, 680 F.2d 263 (1982). In that case, the Department alleged that the trustees of a pension plan for employees of the Grumman Corporation violated ERISA in using pension plan funds to acquire Grumman stock in order to help thwart a takeover attempt by LTV. The court found that the trustees' failure to carefully evaluate all the facts available to them before making the purchases gave rise to a breach of ERISA's fiduciary provisions. The court affirmed the district court's grant of a preliminary injunction forbidding the trustees from dealing with Grumman stock without a court order. In the trial the Department planned to seek to have losses of more than \$10 million restored to the Plan.

The Ninth Circuit, in *M&R Investment Co. v. Fitzsimmons*, 685 F.2d 283 (9th Cir. 1982), affirmed a district court order holding that pension fund trustees had properly rescinded a loan agreement. There, M&R had sued the trustees of the Teamsters' Central States, Southeast and Southwest Pension Fund for rescinding a \$40 million dollar loan contract they had concluded was a prohibited transaction under ERISA. The Department intervened in the suit on behalf of the trustees. Both the district court and court of appeals agreed with the trustees and Department that the loan violated ERISA because M&R was a party in interest at the time of the loan contract.

In *Donovan v. Mazzola*, No. C-79-134 (N.D. Cal., Nov. 17, 1981), the Department obtained a favorable decision both in terms of the legal precedent it set on a number of issues as well as the amount of money that the trustees were ordered to restore to the Local 38 Plumbers and Pipefitters Union Pension Plan. The Department brought suit alleging that the pension plan's real estate and other loans to the union's convalescent fund were imprudent. The court agreed, holding that the trustees had failed to follow proper procedures in making the loans, that the loans were unreasonably risky, that the loans to the convalescent fund were prohibited transactions, and that the concentration of pension fund loan money in real estate ventures sharing certain geographical and "product type" characteristics

violated ERISA's mandate that investments be adequately diversified in order to minimize the possibility of large losses. The court then ordered restitution by the trustees of \$400,000 in losses to the plan, the appointment of an investment manager to take over fund operations for 10 years, and the posting of a \$1 million indemnity bond to insure against future losses resulting from certain of the violations.

In addition to this litigation, the Department negotiated an important consent order in *Donovan v. Unicorn Group*, No. 79 Civ. 1658 (S.D. N.Y.). In that case the Department alleged that the Unicorn Group and its partners, the investment managers for a teamsters' pension fund, had violated ERISA's fiduciary provisions by loaning \$4 million to two corporations. The money was subsequently misappropriated, resulting in heavy losses to the plan. The consent order provided for restitution by the partners of \$3.5 million.

The Department initiated a number of cases during the year. In *Donovan v. Smith*, No. 82-1325 (E.D. Pa.), the Department alleged that trustees of several plans imprudently purchased individual whole life insurance policies for each plan participant. A motion for a preliminary injunction was filed by the Department. In another case, *Donovan v. Crytzer*, No. 81-2270 (W.D. Pa.), the Department alleged that pension fund trustees violated ERISA's prudence requirement in making a \$1.5 million construction loan. In *Donovan v. Cady*, No. 82-1920 (E.D. N.Y.), the Department alleged that the trustees of the Teamster Local 282 Pension Fund imprudently loaned \$2 million, because of their failure to properly review both the borrower's financial condition and the terms and conditions of the loans. The loan went into default, resulting in a total loss of the investment to the Plan. In *Donovan v. Nave*, No. 82-C-2210 (N.D. Ill.), the Department alleged that the trustees of the plan improperly selected the sponsoring union to provide administrative services to the Plan. The suit sought the appointment of an independent person to select the service providers and the restitution of any excessive compensation paid to the union.

In the regulatory area, the Department published several proposed and final regulations designed to reduce reporting burdens and to provide guidance concerning the operation of certain statutory provisions. Included among these were regulations that revised reporting for plans whose assets are held in master trust, that conformed existing summary annual report regulations to the triennial reporting system for small plans adopted by the Department, and that proposed to defer the due

date for furnishing the summary plan description to plan participants. The Department also adopted regulations that provide that the assets of certain government mortgage pools are not plan assets for purposes of title I of ERISA and that clarified how ERISA's requirement that plan assets be held in trust can be satisfied in certain circumstances. Technical changes were made to a regulation that describes the circumstances under which a plan can properly suspend a retiree's benefits.

The Department also published several class exemptions to improve investment options for plans and to facilitate investment decisions by those who act on behalf of plans. Included among these were the adoption of class exemptions to permit plans to invest in residential mortgages and to enable investment managers to receive compensation for providing securities lending services to plans, under circumstances where such transactions would otherwise be prohibited under ERISA. The Department also proposed amendments to two class exemptions: one to expand the availability of an exemption covering investments in mortgage pools and the other to remove certain restrictions in an exemption that deals with the sale of insurance contracts and mutual fund shares to employee benefit plans.

The regulatory activities that relate to plan investments in mortgages were part of an Administration effort to remove barriers to pension plans investments in residential mortgages.

Civil Rights

During the past fiscal year the division participated in litigation and major regulatory efforts pursuant to the equal employment opportunity and affirmative action obligations placed upon Government contractors and recipients of Federal financial assistance by Executive Order 11246, sections 503 and 504 of the Rehabilitation Act of 1973, section 2012 of the Vietnam Veterans Readjustment Assistance Act, CETA, and other civil rights laws. In addition, the division obtained dismissal of several defensive actions.

In *Department of the Treasury and DOL v. Harris Bank and Trust Co.*, No. 78-OFCCP-2 (a case involving allegations of racial and sexual discrimination in a wide range of the bank's employment practices), responses were filed with the Secretary to the bank's 363 Exceptions challenging an Administrative Law Judge's recommended decision holding the bank in violation of Executive Order 11246. Among the bank's arguments to which the division responded were the recoverability of back-pay under the Executive order and the sufficiency of the Gov-

ernment's evidence as to whether it had carried its burden of persuasion.

In *Department of Labor v. St. Regis Paper Company*, No. 78-OFCCP-1 (a case involving sex discrimination in hiring and assignment, failure to take affirmative action, and validation of a company physical strength test at St. Regis' Libby, Mont., establishment), the administrative trial was completed. At the close of the year, the posttrial brief was still being drafted.

In *Department of Labor v. Honeywell, Inc.*, No. 77-OFCCP-3 (a case involving sex discrimination in hiring and assignment and failure to take affirmative action regarding more than 2,000 women), the Administrative Law Judge entered a recommended decision on April 26, 1982. The judge found that Honeywell had violated the Executive order by pursuing employment practices and policies that resulted in the exclusion of women from approximately 200 jobs because of their sex. However, he also found that the Company's assignment and appointive practices, although disparately impacting upon women, did not violate the Executive order. The deadline for filing the parties' Exceptions with the Secretary was November 1, 1982.

A settlement agreement was signed with Westinghouse Electric Corporation in a matter involving alleged sex discrimination at Westinghouse's Bloomfield, N.J., facility in which the division alleged that the Company assigned women to jobs based upon their sex and paid them according to discriminatory sex-based wage schedules. The agreement, in conjunction with a private title VII settlement, provided for backpay, job upgrades, changes in the Company's seniority system, pre-apprenticeship training, and percentage objectives for filling vacancies in supervisory positions with women.

In *Department of Labor v. Kerr Glass Mfg. Corp.*, No. 77-OFCCP-4 (a case involving allegations of discriminatory job placement of women at initial hire, individual cases of sex discrimination, inadequate affirmative action programs, and use of a job evaluation system which discriminates against women), a consent decree was signed by the Administrative Law Judge on August 13, 1982. The decree, which applied to Kerr's Plainfield and Dunkirk plants, required the Company to place both male and female new hires into the selector packer job, to post job vacancies for bid, to provide bonuses for women who bid on and work in traditionally male jobs, and to analyze its job evaluation system.

In *United States v. New Orleans Public Service, Inc. (NOPSI)*, No. 73-1297 (E.D. La.) (a case involving NOPSI's

status as a Government contractor and possible race and sex discrimination), the district judge held on September 10, 1982, that the manner in which the Government had initiated proposed Executive order compliance reviews of the Company satisfied Fourth Amendment standards for reasonableness for the conduct of administrative searches and that on-site compliance reviews under Executive Order 11246 are not subject to constitutional search warrant requirements.

Employee Benefits

During fiscal 1982 the division's trial litigation function in cases arising under the Black Lung Benefits Act was transferred to the regional offices. The process of decentralization involved the physical distribution of more than 10,000 litigation files and will enable the Department to significantly increase its participation rate at Administrative Law Judges' hearings.

The provision of the 1981 amendments to the Act transferring liability for payment of section 435 claims approved by the Social Security Administration from individual coal mine operators to the Black Lung Disability Trust Fund required DOL to analyze over 600 appellate cases. In addition, there were more than 7,000 cases pending before the Office of Administrative Law Judges to determine whether the operator is entitled to be released as a party to the case and thus relieved of potential liability for the payment of benefits. The division filed motions or responses to motions in the vast majority of these cases during the second and third quarters of fiscal 1982 thereby completing that phase of the implementation process. However, a significant volume of litigation developed in which the parties did not agree that a case should be transferred to Trust Fund liability under the 1981 amendments.

One of the most frequently litigated issues during the year was whether coal mine operators could be held responsible for paying benefits in claims approved by the Social Security Administration under the review provisions of the 1977 amendments to the Act. On December 11, 1981, the U.S. Court of Appeals for the Seventh Circuit sustained the position of the Department by concluding that coal mine operators were responsible for those claims. *Director, OWCP v. Forsyth Energy, Inc.*, 666 F.2d 1104 (7th Cir. 1981). The Fourth Circuit in *Director, OWCP v. Bethlehem Mines Corp.*, 669 F.2d 187 (4th Cir. 1982), also sustained the Department's position. The Third Circuit reached a contrary conclusion in *Director, OWCP v. Republic Steel Corp.*, 663 F.2d 8 (3rd Cir. 1981).

Further litigation to resolve the conflict between the Seventh and Fourth Circuits and the Third Circuit was unnecessary because of the enactment of Public Law 97-119, 95 Stat. 1635, which transferred responsibility for these cases to the Black Lung Disability Trust Fund.

On May 18, 1982, the Third Circuit reversed a decision of the Benefits Review Board holding that black lung benefits are not payable for any period prior to the filing of a claim. The court, in *Director, OWCP v. Rochester and Pittsburgh Coal Co.*, 678 F.2d 17 (3rd Cir. 1982), held "that for claims filed after December 31, 1973, black lung benefits are payable under the Act from the date of disability or January 1, 1974, whichever is later."

In *Louisville and Nashville Railroad Co., et al. v. Donovan*, C 80-0611-L(G) (W.D. Ky. Nov. 3, 1981), the district court held that it did have jurisdiction to enjoin the Secretary from construing the Black Lung Benefits Act as applying to railroads or railroad employees. An appeal to the Sixth Circuit was pending at the end of the year.

In *United States Steel Corp. v. Oravetz and Director, OWCP*, 686 F.2d 197 (3rd Cir. 1982), the Third Circuit, rejecting U.S. Steel's argument that the special widows' entitlement presumption at section 411(c) (5) of the Black Lung Benefits Act is unconstitutional under the due process clause of the Fifth Amendment, held that Congress acted rationally by enacting that rebuttable presumption. The court had previously rejected U.S. Steel's argument regarding the constitutionality of Section 411(c) (5) in an unpublished order. U.S. Steel appealed to the Supreme Court for a writ of certiorari in that case.

The most important litigation under the Longshoremen's Act involved coverage and the section 8(f) second injury special fund. In *Boudreaux v. American Workover, Inc.*, 680 F.2d 1034 (5th Cir. 1982), the Fifth Circuit, *en banc*, upheld the Office of Workers' Compensation Programs' position that employees injured while working on actual navigable waters were not stripped of coverage by the 1972 amendments to the Act. In the section 8(f) area, the division's successful defense of the special fund in such cases as *Director, OWCP v. Campbell Industries, Inc.*, 678 F.2d 836 (9th Cir. 1982), *Director, OWCP v. Newport News Shipbuilding & Dry Dock Co.*, 676 F.2d 110 (4th Cir. 1982) and *American Bridge Division v. Director, OWCP*, 679 F.2d 81 (5th Cir. 1982), protected the fund against unwarranted and costly dissipation of its contents as well as established important judicial precedent.

Employment and Training Legal Services

Audit resolution litigation under the Comprehensive Employment and Training Act (CETA) remained a principal focus of office activity. The successful efforts of the Employment and Training Administration to process its large backlog of audits under title III of CETA significantly increased the litigation load before the Office of Administrative Law Judges. This has been partially offset by the reduction in participant grievance cases brought about by the phaseout of the Public Service Employment component in CETA. In keeping with the office wide trend towards regionalization of trial level litigation responsibility, most of this activity was transferred to regional offices to permit the national office staff to concentrate on the increasing number of appeals to the circuit courts.

Several significant CETA issues reached the appellate courts. Of greatest potential impact were cases pending in the Second, Third, and Ninth Circuits challenging DOL's right to recover misspent CETA funds arising from conduct occurring prior to the 1978 CETA amendments. This litigation paralleled conflicting Third and Fourth Circuit decisions concerning the Department of Education's recoupment authority under provisions arguably analogous to those found in CETA.

Litigation continued concerning authority to award back-pay in pre-1978 cases. First and Seventh Circuit decisions supported such awards; a Ninth Circuit decision could arguably be understood to have reached a contrary result.

The First and Seventh Circuits issued significant decisions affirming the responsibility of CETA prime sponsors for the actions of their subgrantees. *Massachusetts v. U. S. Department of Labor*, 683 F.2d 568 (1st Cir. 1982); *Milwaukee County v. Peters*, — F.2d — (7th Cir. 1982). The importance of these holdings lay in the difficulties inherent in the Department's having to proceed directly against the 50,000 or more CETA subgrantees.

A key procedural issue was clarified in *State of Maine CETA v. Department of Labor*, 669 F.2d 827 (1st Cir. 1982), which upheld the Department's regulation providing that the burden of proof rests with the party requesting an administrative hearing. The court ruled that, once the decision of a DOL grant officer and the administrative file constituting a *prima facie* case in support of that decision is introduced into evidence, the challenging party must rebut the decision before an Administrative Law Judge.

Litigation in the unemployment insurance area centered on the provisions of the Federal Unemployment Tax Act which

require employee pension benefits to be offset against unemployment insurance payments. The parties challenged both the legality of the underlying statute and the procedures followed by DOL in implementing it. The Department's position was fully vindicated in *McKay v. Horn*, — F. Supp. — (D.N.J. 1981). A substantial victory was reached in *Cabais v. Egger*, No. 81-2258 (D.C. Cir. Sept. 23, 1982) and a partial victory achieved in *Rivera v. Patino*, No. C-80-3469 (N.D. Cal. May 6, 1982). All three decisions upheld the constitutionality of the offset provision, although some of DOL's interpretations as well as their implementation of the provision remained in dispute.

Several actions were filed seeking review of denials of permanent alien labor certification; however, no significant rulings were issued by the district courts. The Seventh Circuit provided a strong endorsement of the Department's certification procedures in *Production Tool Corp. v. ETA*, No. 81-1913 (7th Cir. Sept. 10, 1982). This opinion was particularly important since the Seventh Circuit had been quite critical of the certification process which preceded the regulations.

Fair Labor Standards

During fiscal 1982, the division engaged in substantial legal work involving regulatory revisions. The division provided legal advice in connection with the Department's issuance of a final regulation lifting the prohibition against homework in the knitted outerwear industry, one of seven industries in which homework had been prohibited. The new regulation was challenged and the regulation upheld by the district court in *International Ladies' Garment Workers' Union v. Donovan*, No. 81-2606 (D.D.C. July 23, 1982). The decision has been appealed to the D.C. Circuit.

The division also provided legal assistance in connection with the Department's promulgation of a comprehensive set of final new regulations under the Davis-Bacon Act. The new regulations authorized greater use of semiskilled helpers on Davis-Bacon projects, altered the procedure for determining the prevailing wage payable under the Act to each classification of workers employed on a project, and eliminated the requirement for weekly submission of certified payrolls. The Department anticipated that the regulations would save the Federal government a substantial amount of money, while safeguarding prevailing local wage practices. The regulations were challenged in court, and the division was working with the Department of Justice to defend the suit. On December 23 the district court

issued a final injunction enjoining implementation of the regulations on all challenged issues except the definition of prevailing wage. *Building and Construction Trades Department, AFL-CIO v. Donovan*, No. 82-1631 (D.D.C. 1982). The decision has been appealed to the D.C. Circuit by both DOL and the Building Construction Trades Department.

In addition to its work on regulatory revisions, the division was involved in a number of significant cases in the appellate courts. Several such cases involved issues arising under the Supreme Court's decision in *National League of Cities v. Usery*, 426 U.S. 833 (1976), which held that the Constitution prohibits the application of the FLSA minimum wage and overtime provisions to the integral operations of State and municipal governments in areas of traditional government functions. In *United Transportation Union v. Long Island Rail Road*, 102 S.Ct. 1349 (1982), the Supreme Court upheld application of the Railway Labor Act to a State-owned commuter railroad on the ground that the railroad was not a traditional government function. The division participated in drafting the Government's brief as *amicus curiae* in support of the Act.

Subsequently, the Court summarily vacated a district court decision invalidating the application of the FLSA to State and local government-owned mass transit systems, and remanded the case to the district court for reconsideration in light of *Long Island Rail Road*. *Donovan v. San Antonio Metropolitan Transit Authority*, 94 L.C. 54,191. The Court of Appeals for the Third Circuit expressed its view on the transit question in *Kramer v. New Castle Transit Authority*, 677 F.2d 308 (3rd Cir. 1982), in which the division filed an *amicus* brief for the government. In *Kramer*, the court upheld the constitutionality of the application of the FLSA to publicly owned mass transit systems on the basis of the Supreme Court's decision in *Long Island Rail Road*.

In a significant case in which the division filed a brief for the Department as intervenor, the Eleventh Circuit held that the immunity from FLSA coverage recognized in *National League of Cities* applies solely to State and local governments and does not extend to private entities that are closely associated with such governments. *Williams v. Eastside Mental Health Center*, 669 F.2d 671 (11th Cir. 1982) (cert. denied, 103 S.Ct. 318 (1982)).

The division also won important victories in litigation involving section 3(m) of the FLSA, which permits an employer to count the cost of providing board and lodging against its minimum wage obligation. In *Donovan v. New Floridian Hotel*,

Inc., 676 F.2d 468 (11th Cir. 1982), the court of appeals held that the employer bears the burden of proof of showing the actual cost of providing facilities for which it claims a wage credit. In *Morrison, Inc. v. Donovan*, 93 LC 34,130 (S.D. Ala.) the district court upheld the Department's position that employees must ordinarily be given an option to receive the full minimum wage in cash in lieu of board and lodging.

Regarding the FLSA's coverage provisions, the Fifth Circuit approved the Department's use of the "rolling quarter" method of calculating the dollar volume of sales necessary for "enterprise coverage" under section 3(s). *Donovan v. I-20 Motels, Inc.*, 664 F.2d 957 (5th Cir. 1981). In *Donovan v. Brunner*, 668 F.2d 748 (3rd Cir. 1982), the Third Circuit held that the enterprise coverage provisions, as amended in 1974, reach businesses which use, in the course of their operations, goods which have previously moved in interstate commerce.

In *Donovan v. Burger King*, 672 F.2d 221 (1st Cir. 1982) and *Donovan v. Burger King*, 675 F.2d 516 (2nd Cir. 1982), the First and Second Circuits reached similar conclusions regarding the applicability of the Act's exemption for "executive" employees to assistant managers in a fast food restaurant chain. The courts held that, under the Department's regulations defining the exemption the "primary duty" of the assistant managers was management, and, therefore, the assistant managers who were paid \$250 per week or more were exempt, even though they spent the bulk of their time performing rank-and-file tasks. Those earning less than \$250 a week were not exempt because of the percentage limitation on nonexempt duties in the "long test" for lower paid employees.

The status of persons as "employees" entitled to the protections of the FLSA was the subject of considerable litigation during fiscal 1982. In *Marshall v. Baptist Hospital, Inc.*, 668 F.2d 234 (6th Cir. 1981), the Sixth Circuit held that junior college students working as X-ray technician trainees at a local hospital were employees under the Act, although the court excused the hospital from liability on the basis of a Portal-to-Portal Act defense. In *Marshall v. Regis Educational Corporation* 666 F.2d 1324 (10th Cir. 1981), the Tenth Circuit held that student resident hall assistants were not college employees. In *Donovan v. American Airlines, Inc.*, 686 F.2d 267 (5th Cir. Sept. 20, 1982), the Fifth Circuit held that flight attendant trainees selected by an airline are not employees during the period in which the airline teaches them their jobs.

Finally, in a potentially far-reaching decision, the District Court for the Northern District of Georgia held that the filing of

a petition for reorganization under chapter 11 of the Bankruptcy Reform Act does not bar imposition of a "hot goods" injunction and that the court may require, as a condition for lifting the injunction, that the employer pay monies accruing from the sale of the hot goods into a trust for the benefit of the employees. *Donovan v. TMC Industries*, 25 WH Cases 829 (N.D. Ga. 1982).

Mine Safety and Health

During the year, the Division of Mine Safety and Health continued its active role in all aspects of the mine safety and health program, including new rulemaking, review of existing rules, enforcement and investigation activities and legislative reform, as well as administrative and court litigation.

The division worked closely with the Mine Safety and Health Administration (MSHA) in drafting revised rules for the approval of Electric Cap Lamps (30 CFR Part 19), Telephone and Signaling Devices (30 CFR Part 23) and Electrical Components and Headlights for Mobile Diesel-Powered Transportation Equipment (30 CFR Part 36) for use in underground mines. The final revisions to each of these rules, published March 16, 1982, remove existing design restrictions and permit MSHA to investigate and approve new equipment incorporating innovative technology, thus assuring that safe, modern equipment is available for use in underground mines.

The division provided key legal assistance to MSHA in its revision of the rules governing the assessment of civil penalties under the Federal Mine Safety and Health Act of 1977 (Mine Act). Extensive comments on the proposed rule were analyzed by division personnel who also served as legal counsel to MSHA during public hearings on the proposal held in February 1982. The final rule, promulgated on May 21, 1982, made a number of significant changes to the prior assessment regulations including (1) the creation of a \$20 single penalty for less serious violations, (2) the awarding of greater good faith credit for timely abatement, (3) a potential for increased penalties for more serious violations, and (4) the establishment of separate formula tables for independent contractors who violate the Mine Act.

Following invalidation of one of MSHA's coal mine wire rope standards by the Federal Mine Safety and Health Review Commission, the division played a significant role in the review and drafting of a proposal to revise the agency's safety standards regarding wire ropes. The proposed rule would update and clarify existing safety standards for the selection, use, examina-

tion and retirement of wire ropes used at coal and metal and nonmetal mines. In addition, the proposal would establish uniform wire rope safety standards for all mines.

The division continued to contribute significantly to MSHA's ongoing review of standards applicable to metal and nonmetal mining and milling operations. Planned as the most extensive single regulatory undertaking since the establishment of the Federal mine safety and health program, the project was intended to further the Department's goal of regulatory reform through a comprehensive reevaluation and revision of existing standards. The division provided counsel and assistance to MSHA in preparing for and conducting a series of 26 public conferences held throughout the country during March, April, and May of 1982. The conferences served to identify major areas of concern on the part of the mining community and to further define issues related to the standards under review. At year's end, the division was working closely with MSHA in the drafting of revised standards in the eight critical hazard areas currently under review: ground control, fire prevention, air quality, explosives, electricity, loading and hauling, equipment usage, and gassy mines.

The division also was actively involved in the early stages of a similar review of MSHA safety standards applicable to underground coal mines. As in the metal and nonmetal standards review, a primary goal of this review was to improve the agency's existing standards to promote the health and safety of miners as well as to further the Department's regulatory reform efforts. During this comprehensive review project, MSHA was to evaluate the adequacy of existing standards, changes in mining technology, the continued relevancy of certain provisions, duplicative or overlapping requirements, inconsistencies with other MSHA, Federal, or State requirements, and reporting and recordkeeping requirements.

In addition to these rulemaking projects, the division continued to assist MSHA with administration of its program requiring coal mine operators to make self-contained self-rescuers (SCSR's) available to all miners while underground. As part of this effort, the division maintained liaison with manufacturers to monitor the supply of the devices, coordinated with NIOSH the correction of defects in some SCSR units, and worked closely with the Bureau of Mines on its testing and evaluation of the compressed oxygen type SCSR's. In addition, the division advised MSHA on enforcement policy involving the SCSR program.

The division also assisted MSHA in preparing revised enforcement guidelines for determining whether violation of a health standard is "significant and substantial." Under the Mine Act these serious violations are subject to more stringent enforcement sanctions. Under the new guidelines the inspector, in evaluating a violation, is to consider five interrelated criteria that affect the "likelihood" and "seriousness" of an injury or illness from exposure to a harmful substance or physical agent. These include the toxicity of the substance or physical agent, the concentration of the substance or physical agent, the duration of exposure, the personal protective equipment program, and any other environmental or work related factors that can reduce or heighten the hazard involved.

The division provided extensive legal counsel and drafting assistance to MSHA in the development of legislative proposals for reform of the Mine Act. In addition, the division worked with MSHA and the Division of Legislation and Legal Counsel in presenting the Department's views opposing congressional efforts to limit MSHA's regulatory and enforcement authority through the appropriations process. While the agency's authority over certain nonmetal mining operations and surface mine construction activities was suspended for a period of 7 months, the authority was restored late in the fiscal year.

During fiscal 1982, over 1,400 new cases were filed with the Federal Mine Safety and Health Review Commission, including approximately 850 civil penalty cases filed by the Solicitor's Office on behalf of the Secretary against operators under section 110 of the Mine Act. While the vast majority of these cases were filed and handled by the trial attorneys in the various regional offices, the division continued to handle certain significant administrative cases. In addition, the division initiated 23 actions on behalf of miners who had been discriminated against by reason of their making health or safety complaints. Three discharged miners were temporarily reinstated pending administrative law judge review of their cases, and several others were voluntarily returned to their jobs as a result of successful negotiations between the division and mine operators. Departmental attorneys filed approximately 25 injunctive actions during the year in response to operator denial of entry or harassment of Federal inspectors, as well as operator refusal to obey withdrawal orders.

A number of important administrative law judge decisions were issued during the year. These included *UMWA v. Secretary of Labor*, 4 FMSHRC 921 (May 21, 1982), which held

that a miner's representative does not have a right to challenge the vacating of a withdrawal order; *Secretary of Labor v. Oak Mining Company*, 4 FMSHRC 925 (May 24, 1982), holding that a civil penalty proceeding under section 110(a) of the 1977 Mine Act is an exception to the automatic stay of proceedings provision in the U.S. Bankruptcy Code; *Secretary of Labor v. Consolidation Coal Company*, 4 FMSHRC 1559 (August 18, 1982), vacating "significant and substantial" findings of a respirable dust citation for failure to produce medical or scientific evidence correlating exposure levels of respirable dust to the probability of developing pneumoconiosis; and *Sunshine Mining Company v. Secretary of Labor*, 4 FMSHRC 1577 (August 23, 1982), holding that the Secretary has no authority to conduct private interviews with witnesses under the Program in Accident Reduction (PAR), an MSHA program designed to reduce accidents in the mining industry through intensive consultation and inspection.

The division's enhanced effort to collect unpaid civil penalties continued to show results. Penalties amounting to \$389,948.00 were collected in some 730 cases during the year. This amount was well over twice the amount collected in fiscal year 1981. The penalties were paid in response to demand letters mailed to the mine operators before the filing of suit, as well as in response to formal collection actions filed with the appropriate U.S. district courts, and the enforcement of judgments obtained in such actions. Three hundred MSHA cases (11 civil actions) were filed for collection in federal district courts, bringing the total number of cases pending in court to approximately 940 (94 civil actions). In addition to the 5,449 collection cases in some stage of processing during fiscal 1981, 4,736 new cases were received for collection during the past year. At the same time, over 1,600 cases were closed because of an administrative correction of accounts and/or a determination that they should be placed in an uncollectable status. Additional attorneys were assigned to collections activity during the year to augment the existing staff, and the effort to process these cases was scheduled to continue to intensify.

Increased use of the Freedom of Information Act (FOIA) for litigation purposes accounted for a steady rise in the number of FOIA matters handled by the division. Over one-half of the approximately 120 matters handled by the FOIA unit involved discovery-type requests for special investigation records. A favorable ruling was obtained in *Clinchfield Coal Corp. v. Raymond J. Donovan, Ford B. Ford and Department of Labor*,

C.A. No. 80-2749, (D.D.C. 1982), in which the court defined the scope of the required agency response to a broad general FOIA request and upheld MSHA's right to reasonably restrict the search for records.

Criminal prosecutions and civil actions against individual agents of mine operators increased during the fiscal year. The Department of Justice brought eight indictments with charges against 21 operators and individuals, resulting in four guilty pleas or convictions. In addition, 29 individual agents or corporate operators received proposed civil penalty assessments. These cases, while few in number, involved considerable legal analysis and were considered among the most important cases brought by MSHA, because of the serious nature of the charges and the deterrent effect of a successful prosecution of the case.

Finally, division attorneys provided legal assistance to MSHA personnel at the scene of several major mining accidents, which occurred during the fiscal year, and actively participated in the investigation of the incidents.

The Federal Mine Safety and Health Review Commission issued significant decisions in a number of different areas during the year. In particular, the Commission decided several cases further defining the jurisdictional coverage of the Mine Act. In *Secretary of Labor v. Oliver M. Elam, Jr., Co.*, 4 FMSHRC 5 (January 7, 1982), the Commission ruled that a commercial dock facility that is used for loading coal into barges is not a "mine" within the meaning of the Act because its activities of storing, breaking, crushing and loading coal are done solely to facilitate the loading process and not to meet customers' specifications or to render the coal fit for a particular use. In *Secretary of Labor v. Carolina Stalite Co.*, 4 FMSHRC 423 (March 29, 1982), the Commission held that a facility that crushes slate gravel and subjects it to a heating process does not constitute a "mill" under the Mine Act. That case was on appeal to the District of Columbia Circuit at the end of the year. Finally, in *Secretary of Labor v. Alexander Brothers, Inc.*, 4 FMSHRC 541 (April 5, 1982), the Commission ruled that an operation that recovered marketable coal from coal refuse piles fell within the 1969 Coal Act's coverage. That case was pending in the Fourth Circuit at the end of the year.

The Commission issued several decisions addressing the elements that must be proven in order to establish whether a miner has been discriminated against because of safety complaints or concerns. For example, in *Secretary of Labor on behalf of Michael J. Dunmire and James Estle v. Northern Coal Co.*, 4 FMSHRC 126 (February 5, 1982), the Commission dis-

cussed at length the scope of a miner's right to refuse to work under unsafe conditions as well as what constitutes an adequate articulation of safety complaints to an operator in connection with such a work refusal. The Commission also described the manner in which an administrative law judge is to analyze evidence offered by an operator to prove that an adverse action was taken against a miner for unprotected, rather than protected, activities. *Secretary of Labor on behalf of Johnny N. Chacon v. Phelps Dodge Corp.*, 3 FMSHRC 2508 (November 13, 1981). The Secretary's petition for review of that decision was pending in the District of Columbia Circuit at the end of the year.

In other significant decisions, the Commission ruled that MSHA's standards governing wire ropes are advisory instead of mandatory, *Secretary of Labor v. Jim Walter Resources, Inc.*, 3 FMSHRC 2488 (November 6, 1981); *Secretary of Labor v. Cowin and Company, Inc.*, 3 FMSHRC 2493 (November 6, 1981), and that the Secretary had properly construed the statutory requirement that cabs and canopies be utilized "where the height of the coalbed permits." *Secretary of Labor v. Eastover Mining Co.*, 4 FMSHRC 1207 (July 2, 1982).

During the year the division prevailed in nearly all of its appellate court litigation. In several consolidated cases involving the right of a miner's representative to receive walkaround pay for accompanying MSHA inspectors during authorized inspections, the District of Columbia Circuit ruled that miners' representatives are entitled to receive such pay during "spot" inspections as well as during "regular" inspections. *United Mine Workers of America v. Federal Mine Safety and Health Review Commission*, 671 F.2d 615 (1982). A petition for a writ of certiorari filed in these cases by two operators was pending in the Supreme Court at the end of the year (*Helen Mining Co. v. Donovan*, No. 82-33). The Supreme Court also denied review (No. 80-183) in a case where a court of appeals had concluded that, where two or more MSHA inspectors each simultaneously conduct separate parts of an authorized mine inspection, a miners' representative is entitled to accompany each inspector without suffering any loss of pay. *Magma Copper Co. v. Secretary of Labor*, 645 F.2d 694 (9th Cir. 1981).

In a major decision, a court of appeals upheld in all respects MSHA's regulations which revised the definition of respirable dust and substantially revamped the procedures for sampling respirable dust in underground coal mines. *American Mining Congress v. Marshall*, 641 F.2d 1241 (10th Cir. 1982).

Furthermore, in both *Cyprus Industrial Minerals Co. v. Federal Mine Safety and Health Review Commission*, 664 F.2d 1116 (9th Cir. 1981), and *Harman Mining Corp. v. Federal Mine Safety and Health Review Commission*, 671 F.2d 794 (4th Cir. 1981), the courts of appeals upheld the Secretary's authority to cite owner-operators, independent contractors, or both for violations of the Mine Act. Finally, in *Allied Products Co. v. Federal Mine Safety and Health Review Commission*, 666 F.2d 890 (5th Cir. 1982), the court of appeals expressly reaffirmed the principle that operators are strictly liable for violations occurring at their mines.

Office of Policy

During fiscal year 1982, the Office of Policy supported the Secretary's participation in three Cabinet Councils (Economic Policy, Human Resources, and Commerce and Trade). The Office participated in various working groups dealing with interagency issues that affect the Department, briefed the Secretary in preparation for Cabinet Council and Cabinet meetings on those issues, and represented DOL at Cabinet Council meetings. The Cabinet Councils discussed a diversity of topics, including unemployment, displaced workers, domestic content legislation, immigration, product liability, unemployment insurance, pensions, and job training legislation.

Also during the fiscal year, the Administration proposed elimination of the mandatory retirement age. The Office of Policy, working with the Under Secretary and the Office of Legislation and Intergovernmental Relations, led in the formulation of policy alternatives and in the legislative strategy to obtain enactment. The office was active in congressional testimony and met with numerous congressional and interest group representatives to explain the legislation.

Economic Analysis

The Office of Policy expanded its role of providing timely analytical interpretation and projections of key economic data to senior departmental and government officials. While statistical analysis of labor force, compensation, and price data originating in the Bureau of Labor Statistics was increasingly emphasized, the Office's enlarged computer capabilities permitted monitoring, analyzing, and reporting on the full scope of real and financial economic data. This broadened coverage facilitated in-depth analysis of the economic impacts of policy options, and more timely response to requests involving the current and projected levels of economic activity.

In conjunction with the increased focus on macro economic activity, the Office of Policy was able to monitor individual sectors and industries within the economy. This ability was especially valuable in analyzing the impact of recession on various sectors and industries; in addressing issues such as structural unemployment and the identification of job-training requirements; and in estimating the economic impact of potential or actual strike activity. Over the year, the Office produced briefing materials for the Secretary on the steel, auto, and construction industries.

The Office of Policy continued to assist the Secretary in his duties as a member ex-officio of the Chrysler Corporation Loan Guarantee Board. During fiscal 1982 the Office acted as departmental representative with the Loan Guarantee Board, and was responsible for analyzing the numerous planning, financial, and operating documents submitted by the Chrysler Corporation to the Board under the terms of the Guarantee Agreement. While all aspects of Chrysler's performance were continuously reviewed, particular emphasis was placed on labor-management issues. The long-term viability of Chrysler, including the ability to repay federally guaranteed loans, was monitored to determine appropriate actions of the Loan Guarantee Board and as a long-range check on the potential labor market consequences of reduced Chrysler operations.

The Office of Policy helped shape Administration policies with respect to displaced industrial workers. Over the fiscal year, the division assumed nearly total responsibility for monitoring the Downriver demonstration project, a major Administration initiative to test ways of assisting the adjustment of permanently displaced workers. On-going research results were consequently incorporated into departmental and Administration policymaking, in part through the provision of support to the Under Secretary in his role as the departmental representative to the Cabinet Council Working Group on the Auto Industry and to the Productivity Working Group.

This policy process had three major outcomes: First, the Administration accepted a title III in the new Job Training Partnership Act explicitly focusing significant resources on displaced workers; second, the Department launched a major expansion of the Downriver project, funding similar projects in six additional cities; and third, the Administration decided that the issue of the displaced worker would be a major priority over the next 2 years.

Program Analysis

During fiscal 1982, Congress enacted the Job Training Partnership Act (JTPA) as a replacement for the Comprehensive Employment and Training Act (CETA) program. The Office of Policy developed the underlying principles of the new program and working with the Office of the Assistant Secretary for Employment and Training, helped shape the final version of the JTPA. The JTPA differs from the CETA program in the following key respects:

- Expanded authority for Governors, including discretion in designating service delivery areas, control over incentive funds, and review and approval authority for local plans.
- An expanded role for the private sector, including the requirement that chief elected officials must obtain the concurrence of Private Industry Councils (PIC's) in the development of local plans.
- A greater emphasis on training attained through the elimination of public service employment and the establishment of limits on work experience activities and stipends.
- A greater emphasis on providing employment and training services to displaced industrial workers through the establishment of a separate program for such workers.

In line with administration policy on a new federalism, the Office developed proposals to increase the control States have over their UI and ES programs through options such as a devolution of the Federal Unemployment Tax monies to the States. Benefits, costs, and impact on the Federal budget were analyzed, as well as the effect of the change in EB trigger rates, the likely effect of the new FSC program, and the effect of a change in the tax treatment of UI benefits.

The Office participated with the Council of Economic Advisers and Office of Management and Budget staff in an unemployment force that developed proposals to deal with the high rate of unemployment by modifying the UI program. Costs, benefits, and the effects on unemployment were estimated for eight different proposals.

The Office of Policy developed four of the six research proposals funded by ETA in the UI area: experience rating, the UI work test, the duration of UI benefits, and the relationship between the insured unemployed rate and the total unemployment rate.

In-house research on the latter relationship contributed to a better understanding of the effect of the recession on the UI program. Finally, Office of Policy funded research on experience rating may suggest modifications of the UI program to achieve better service at lower cost.

In addition to assisting other agencies in developing and analyzing ERISA regulations, the Office of Policy supported the Secretary in his role as Chairman of the Board of Directors of the Pension Benefit Guarantee Corporation (PBGC), principally by its participation in the Secretary's Interagency Task Force on PBGC Legislation. Options for major structural reform of the termination insurance system were developed,

designed to ensure the financial soundness of the insurance system over the longer run and to distribute costs more equitably among pension sponsors. Two of the proposals were adopted as part of the Task Force's final recommendations.

Throughout the fiscal year, the Office also reviewed proposed PBGC regulations, advised the Secretary on a proposed PBGC premium increase, proposed legislative strategies for closing major loopholes in the insurance system, and advised on other major policy matters that came before the PBGC Board.

Besides conducting other pension-related activities, the Office of Policy worked with staff from other Departments to develop the assumptions for the 1982 Old Age Survivors Disability Hospital Insurance Trustee's reports.

In the area of product liability law reform, the Department's major interest was in the high percentage of claim dollars that follows from workers injured or made ill on the job, many from the use of machine tools or exposure to asbestos. In fiscal 1982, each State had its own law governing these claims. A significant burden, therefore, fell on interstate commerce commissions because the market for manufacturers is a national one, crossing State lines. The Office of Policy developed materials on this problem for the Cabinet Council on Commerce and Trade, whose recommendations the President adopted. The Administration supported Federal legislation to reform the product liability law.

The Office of Policy provided DOL's input into a joint Treasury-Labor report to the House Committee on Ways and Means and the Senate Committee on Finance on the effectiveness of the Targeted Jobs Tax Credit and the 1977-78 New Jobs Tax Credit.

The Office worked with the Employment Standards Administration and the Solicitor in developing legislative proposals to improve the three Federal workers' compensation programs (the Longshore Act, the Black Lung program, and benefits for Federal workers under FECA). In December 1981, amendments to the Black Lung Act were passed which corrected both economic problems—increased taxes on industry to adequately finance benefit payments—and medical problems—by providing for greater use of medical evidence in determining eligibility. Legislatively mandated studies of the medical determination process and of the income of beneficiaries were continuing.

Congress actively considered legislative proposals (to which the Office of Policy contributed) in the other two program areas. Changes in the Longshore Act were considered a nec-

essary part of the President's overall program to stimulate and revitalize the American maritime industry.

Regulatory Analysis

The Office helped implement the economic requirements of Executive Order 12291 and the Regulatory Flexibility Act for the Department of Labor. It prepared economic analyses on key regulatory issues including the overhaul of the major government contractor labor regulations: in Davis-Bacon regulations a saving to construction contractors of \$600 million annually; and in clarification of coverage of contractors under the Service Contract Act a saving of another \$124 million per year. Proposals to streamline the affirmative action requirements of government contractors and reduce paperwork would save nonconstruction contractors \$50 million a year.

Research

In the capacity of assisting other agencies in the Department with the design, management, and evaluation of Department of Labor programs by providing analytical support and research guidance, the Office of Policy:

- assisted ETA in their research development and in the panel evaluations of proposals received;
- assisted the National Commission on Employment Policy in the panel evaluation of research proposals;
- assisted OFCCP in analyzing its effectiveness over the last several years, contributing technical and methodological assistance; and
- served on the Procurement Review Board, contributing technical expertise in evaluating the appropriateness of sole source contract requests received by the Board.

In its capacity of performing or overseeing research of special interest to the President, the Secretary, and other cabinet members, the Office prepared numerous briefing materials on the characteristics of the unemployed.

Contract research was undertaken to determine whether the U.S. labor market is subject to excessive job separations and a consequent weak attachment of employers to employees. If turnover is judged to be excessive, policies that address the durability of employer-employee attachments would be developed. Research on the nature of employer-employee attachments was initiated. The net impact of turnover on productivity, wages, unemployment duration, layoff decisions,

and job shopping among youth was to be studied, to aid policy-makers in reaching decisions involving pensions, severance pay, mandatory retirement, unemployment insurance, job training for the disadvantaged, and minimum wage legislation.

Comparisons of earnings between blacks and whites showed sharp differences of income and the unemployment rate for blacks, particularly for teenagers and adult males, appeared to have climbed markedly during the last decade. Wage inequalities and lack of employment prospects represent a social tragedy. Appropriate policies could not be formulated without knowledge of the causes of these problems. The studies initiated in fiscal 1982 were part of a major effort to uncover causes.

Employment and unemployment patterns across local labor markets indicate that economic well-being in different localities is influenced by variations in regional labor markets. These may be geographic differences in the industrial distribution of employment, variations in State unemployment insurance systems, differences in regional tax climate, etc. Studies begun in 1982 were designed to help this office better understand the complex regional relationships that affect the development of economic policy with regard to States and local areas.

Reorganization

A major reorganization in the Office of the Assistant Secretary for Policy was completed during fiscal 1982. The reorganization sought to focus the mission and functions of the office more sharply on providing advance economic advice and analysis to the Secretary and the Under Secretary.

In early 1982, the Secretary determined that the more diverse functions of the former Assistant Secretary's Office of Policy Evaluation and Research were no longer appropriate. A reduced staff focused more sharply on providing advance economic and quantitative analysis to the Secretary and the Under Secretary. Because of the accelerating rate of structural economic change occurring in the United States, the Secretary required in-depth support on urgent economic issues.

Accordingly, the Office of the Assistant Secretary was renamed the Office of Policy and was restructured to emphasize advanced quantitative economic analysis to key issues. The changes included:

- a significant revision of the mission and functions and a change in the name of the agency to the Office of the Assistant Secretary for Policy;

- a reduction in the number of offices from six in ASPER to four in the Office of Policy;
- the reassignment of noneconomic analysts from ASPER to programs in the Department where their skills would be more useful.

A compendium was prepared of all research and evaluation projects completed since the publication of the volume *ASPER Research and Evaluation Projects 1970-1979*. The compendium provided the title, author, and contract number (where applicable) of the project, as well as information about the availability of each document.

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Office of the Assistant Secretary for Administration and Management

A major program emphasis in OASAM activities during the fiscal year was the development and implementation of policies and responses to Presidentially mandated budget and employment reductions. An extensive reduction-in-force (RIF) affecting all Department of Labor agencies was coordinated by the Directorate of Personnel Management. A total of 1,207 employees were separated, 712 demoted, 847 reassigned, and 94 retired early as a result of the reduction-in-force (RIF). An added 210 employees were furloughed because of congressional prohibition on spending appropriated funds for certain mine safety and health inspections.

In response to the RIF, the Department developed and conducted job-search workshops to assist all interested employees in finding new employment opportunities. A self-instructional program was also developed for those unable to attend the workshop sessions. The Department implemented a computerized placement assistance program to provide information on the status of employees affected by RIF's. This permitted a more effective consideration of RIF-affected employees for repromotion or reemployment. The program succeeded in repromoting or reemploying over 300 DOL employees; it also saved 3-person-years of work.

During fiscal 1982, all employees were appraised under the CSRA-mandated performance appraisal system. In addition, a merit pay system was implemented for all DOL supervisors and managers at the GS 13 to 15 levels. The system met all CSRA requirements, with payouts based on performance. Pay-deciding officials, under the system, had the opportunity to make annual salary adjustments to deserving employees for exceptional achievement.

To address both Office of Personnel Management and Office of Management and Budget concern for the excessive costs of position management and position classification problems throughout the Federal Government, a formal DOL Position Management (PM) program was established providing policies

and guidelines on position management. Responsibility for this program was assigned to line management to be monitored by agency heads and the Directorate of Personnel Management.

After over a year of extensive development, DOL implemented a new training program for supervisors. It consisted of a "Supervisor's Reference Guide", structured orientation, and a 26-module classroom curriculum for new supervisors.

The Department's regulations and guidance on adverse actions and performance-based actions, reflecting the changes made by CSRA, were completed. A training program for employee relations specialists for National Office and regional personnel staff was developed and sessions were conducted during the fiscal year.

The Office of Executive Personnel Management continued to provide leadership to the DOL agencies in SES and EAS management. Policies affecting senior executives were developed and issued in the areas of placement (in the event of a RIF), furlough, sabbaticals, and requested certification of SES candidates. The Directorate of Personnel Management continued to offer a wide range of programs for the development of senior executives, for example, the role of the executive in preventing fraud, waste, and abuse; communication strategies; and the New Federalism Program.

Throughout the year, the Office of Labor-Management Relations (OLMR) was involved in continuing collective bargaining with the major exclusive collective bargaining agents representing DOL employees. The most significant negotiations dealt with the adverse effects of the RIF's that occurred during the year and the adverse effect of the furloughs that were contemplated and conducted. The Department also extended for 2 years the collective bargaining agreement it had with the National Council of Field Labor Locals (NCFLL), which represents Department employees outside of the Washington Metropolitan Area.

Other OLMR activities involved the handling of employee complaints and grievances, the bulk of which were either withdrawn or settled before any formal third-party hearings were conducted. OLMR also conducted bargaining on the effect on bargaining unit employees of various management proposals, including several major transfers of functions and reorganizations.

A Secretary's Order issued during the first quarter gave top priority to an expanded and comprehensive safety and health program. A new, in-depth evaluation program was initiated on implementing the Safety and Health Program on Job Corps

Centers. That program was proving very successful in helping provide a safe and healthful environment for Corpsmembers to work and live in.

OASAM's Office of Safety and Health maintained services to prevent, treat, and rehabilitate employees in a variety of health areas. Activities conducted during the year included CPR and First Aid Programs, Stress Management, Smoking Clinics and Follow-ups, Physical Fitness Programs, Employee Counseling (alcoholism, drug abuse, mental/emotional problems), and RIF Crisis Intervention Counseling.

Through the Office of the Comptroller, OASAM continued to emphasize the improvement of financial policies and systems, particularly cash management, debt collection, and travel management. Detailed plans were made for an expanded internal control program, with task forces to formulate risk factors and standards for common administrative functions, and with each agency addressing its unique program functions. Vulnerability assessments are scheduled for completion early in fiscal 1983. Plans were also made to modernize the Integrated Personnel-Payroll System and the Procurement Control and Accountability System. These two systems, using minicomputers, were expected to be installed in mid-fiscal 1983. An automated Position Control System, incorporating full-time equivalency data, was also fully tested and implemented.

Consistent with its policy to maximize centralized system efficiency, economy, and safeguards, while assuring timeliness and accuracy through decentralized operations, the Department developed automated system enhancements for regionalized preparation and distribution of time and attendance cards, earnings and leave statements, and unemployment reports.

A strong effort to modernize and standardize the technology underlying both data processing and office automation systems was undertaken by the Directorate of Information Technology. Procurement was under way for the acquisition and installation of minicomputers for the OASAM National and regional offices and the agency administrative offices to provide support for data processing and office automation functions.

During the fiscal year, two OASAM components with related responsibilities were merged, namely the Office of Civil Rights (OCR) and the Office of Equal Employment Opportunity (OEEO). Prior to the merger enforcement of nondiscrimination requirements in federally assisted programs was the responsibility of OCR, while internal (Federal staff and applicants for Federal employment) EEO investigations belonged to

OEEEO. Subsequent to the merger, administrative responsibility for internal EEO investigations was partially decentralized to the 10 regional offices. A standardized system for processing complaints, including computerized tracking of major complaint milestones, was designed, developed, and implemented.

The Directorate of Administrative Programs and Services (DAPS) accomplished two major objectives during the year. One was to have the Department assume full responsibility for the Frances Perkins Building (FPB), its headquarters building. After extensive negotiations, an agreement was signed in June by the Administrator of the General Services Administration and the Secretary of Labor. Pursuant to the agreement, the Secretary of Labor was delegated authority to manage the operation, maintenance, repair, preservation, alteration, and custody of the FPB. The Department became the first Federal department to undertake complete operation of its headquarters building. The FPB has over 1 million square feet of office space, with an annual operating budget of \$5.2 million.

Reducing the cost of administrative services was the other major DAPS goal. A Space Cost Reduction Program cut departmental space holdings by 500,000 square feet, at a savings of \$1.9 million. FTS costs to the Department were reduced by \$2 million as a result of decreased use. During the year a program that requires a level of service determination prior to installation of new or reconfigured equipment was reemphasized to insure that service provided is at a level consistent with the employee's function.

In printing management, overtime costs were reduced by 87 percent, and quality circles, productivity measurement, and cross training increased staff flexibility, enabling the Office of Printing Management to reduce staff without a loss of technical capacity. Through tighter administration of the labor and moving services contracts, the Division of Property Management avoided costs of \$100,000. An additional \$187,000 was saved by reviewing outstanding furniture orders, substituting rehabilitated furniture, and canceling outdated orders. The mail program saved \$150,000 by using improved practices and advanced technology.

Another area of concern was contract administration. The DOL operated with a single original contract file system in which the original file was used through all phases of the procurement function. Heavy use by staff and others made contract files vulnerable to misfiling, mutilation, and loss of essential documents. To better maintain and control the contract file, a

micrographics system was installed. All original contract documents are routed through a micrographics center where they are microfilmed and controlled. This system will help to assure that complete and accurate procurement documentation is available for the many official decisions that must be made throughout the procurement process.

A program of information resources management (IRM) reviews was established within the Department during the year under the leadership of the Director of Management Policy and Systems (DMPS). The reviews are aimed at ensuring the effectiveness with which information is collected, used, distributed, stored, and managed during its entire life cycle.

DMPS staff conducted several IRM reviews and also monitored reviews conducted by DOL Agency Information Resource managers. These reviews effected dollar savings and reductions in the paperwork burden on the public. Under DMPS leadership, the DOL reduced the paperwork burden from the 1980 level by 44.6 percent, exceeding the goal established by the Paperwork Reduction Act.

With the assistance of DMPS staff, some managers used the Employee Participation Group method of problem solving. This concept recognizes the workers as the true experts in the workplace. It attempts to use their experience, expertise, and training to identify, analyze, and solve job-related problems. The process, directed toward improving quality of service and reducing costs, improved communications between employees and supervisors, and increased employee's interest in their jobs.

Among the most significant activities carried out by regional OASAM components during the year were those related to the reduction-in-force brought about by the sharp curtailment of available resources. As the reduction in employee levels took place, efforts were made to locate positions for those affected. Many were placed in private industry, in local and State governments, and in other Federal agencies. In addition, major efforts were continuing to repromote those who were downgraded and to reemploy those separated.

Regional OASAM components made significant contributions to overall cost reductions and greater management efficiency. Particular attention was given to reducing the costs for space, including alterations, and for telecommunications and mail.

In its efforts to assist managers to reduce costs and to improve the quality of services, one regional OASAM assisted Labor Management Services Administration (LMSA) in designing and implementing a quality circle approach. The regional

program was a pilot project that initiated regionwide involvement of employees in a structured program for solving problems, reducing costs, improving services, and using staff and resources more efficiently.

Staff attention also focused on internal controls, debt collection, and the reduction of outstanding travel advances. To improve the management of travel fund auditing and to increase the productivity of financial management operations, three regional OASAM's participated in a pilot project to use statistical sampling techniques on travel vouchers within a specified dollar limit. As a result, sampling techniques have been adopted for nationwide use.

Bureau of International Labor Affairs

Foreign Economic Policy

The Department was active in assuring consideration of U.S. workers' needs with respect to international economic policy. It participated in the interagency Trade Policy Committee structure on a variety of issues including preparation for the November 1982 GATT Ministerial meeting, implementation of nontariff codes, U.S. policies toward developing countries, investment policy, and bilateral trade discussions with various countries.

The Department helped formulate U.S. policy concerning trade in high technology goods and services, including the U.S. initiative to have trade problems in these industries introduced for consideration at the GATT Ministerial meeting in November 1982.

Contributions by the Department aided in the development of the legislation implementing the Caribbean Basin Initiative. The legislation, to be introduced again in 1983, includes a provision which states that in designating beneficiary countries, the President will take into account the degree to which workers in the country are afforded reasonable workplace conditions and enjoy the right to organize and bargain collectively.

Over 300 petitions were reviewed by the Department in the interagency committee for the review of petitions to modify the list of articles eligible for dutyfree treatment under the Generalized System of Preferences (GSP). The group also considered graduating certain advanced developing countries in product areas where they are competitive in the U.S. market. In addition, the Department participated in a meeting of the U.N. Conference on Trade and Development, Special Committee on Preferences, in which consultations were held with developing countries on the U.S. GSP program.

The Department helped formulate U.S. policy concerning international investment and transnational corporations. Interagency deliberations continued on how to deal with the adverse effects of investment incentives and performance requirements. In this context, the Department prepared the initial draft of a U.S. strategy to achieve multilateral and bilateral discipline on the use of trade-related investment performance requirements, such as local content or export requirements.

The Department participated in bilateral trade discussions with Mexico, the European Community, Japan, and several developing countries. As a result of the first meeting of the U.S.-Mexico Joint Commission on Commerce and Trade held last year, the United States and Mexico established a number of technical working groups to explore such issues as autos, petrochemicals, textiles, computers, GSP, and subsidies/countervailing duties.

The Department took part in other bilateral discussions with Australia, India, and Mexico concerning their export subsidies. In addition, the Department took part in the U.S.-European Community High Level Consultations which covered textiles, steel, and North/South issues. U.S. interagency discussions aimed at opening up the Japanese market to U.S. exports were attended regularly by the Department and briefing papers were prepared on related issues.

The Department was represented in multilateral and bilateral consultations concerning renewal of the Arrangement Regarding International Trade in Textiles (Multi-Fiber Arrangement — MFA), a GATT instrument, which was extended in December 1981 to July 31, 1986. Within the framework of the MFA, the Department continued to participate on interagency teams in consultations with U.S. bilateral trading partners to resolve textile problems and renew textile agreements which now total 26, covering 24 countries; consultations to conclude agreements with two additional countries (Indonesia and the Maldives Islands) are in preparation. The Department also participated in interagency team efforts to negotiate reductions in the growth in textile and apparel trade with major suppliers (Hong Kong, Korea, and Taiwan) in accordance with President Reagan's commitment to relate growth in textile and apparel imports to growth in the U.S. textile and apparel industry.

Pursuant to the Trade Expansion Act of 1962 (section 232), the Department participated in Department of Commerce investigations of the effect on national security of imports of glass-lined chemical processing equipment, ferroalloys, and industrial fasteners.

During fiscal 1982 the Department participated in reviews of import relief granted in earlier years for the porcelain-on-steel cookware industry and the mushroom industry. The President had to determine whether such relief should be continued for the full 4-year period for which it had been proclaimed for cookware, and for mushrooms whether the relief action should be modified. In both cases the Secretary of Labor was required

to provide advice on the appropriate action. In addition, the Department participated in deliberations regarding requests from Japan and Spain that they be compensated so as to restore their balance with the United States as a result of U.S. import relief action on procelain-on-steel cookware.

The Department participated in interagency activity concerning the U.S.- Argentine Agreement on Hides.

As a member of the U.S. delegation to the OECD Steel Committee, which held three meetings during the year, the Department continued to assess steel industry modernization needs and to help develop long-term solutions to the problems of international steel trade. Specific attention was given to steel manpower readaptation as part of industry modernization in the United States, Canada, Europe, and Japan. The Department also participated in plans for a study by the OECD on high technology world trade and an interagency study for the Cabinet Council on Commerce and Trade.

The Department continued to share in the work of the President's Export Council and in its subcommittees dealing with Incentives and Disincentives, Export Promotion, and Trade in Services.

The Labor Advisory Committee for Trade Negotiations and Trade Policy, administered by the Department, consulted with and advised ILAB and the Office of the U.S. Trade Representative (USTR) on issues of concern to labor involving trade negotiations, operation of trade agreements once entered into, and other matters arising in connection with the administration of U.S. trade policy. In August, the Committee's charter was renewed for an additional 2 years.

The Committee included representatives from the AFL-CIO Headquarters staff and five AFL-CIO Departments, 45 AFL-CIO affiliated unions, and four independent unions. A Steering Subcommittee of the Labor Advisory Committee composed of key labor advisors meets monthly for consultations on a wide range of current trade and related issues.

Foreign Economic Research

Research and analysis to determine the effects of international economic policies on the earnings and employment of U.S. workers included quantitative analysis of policies affecting international trade, investment, technology transfers, and immigration. The analyses were usually the result of congressionally mandated studies or of requests from other agencies in the Executive Branch, and they often provided the basis for con-

gressional testimony, by the Department and other agencies. For example, a study was done on the domestic employment effects of allowing the manufacturing clause of the U.S. copyright law to expire, and a study on the trade and employment effects of eliminating U.S. tariffs on imports from countries in the Caribbean Basin. The former study resulted in DOL testimony to Congress on a bill to extend the manufacturing clause, and the latter study was used as a basis of congressional testimony by the Treasury Department and by the Overseas Private Investment Corporation.

Other trade studies undertaken or completed included studies on the employment effects of U.S. controls on exports to the Soviet Union; of Mexican and Brazilian performance requirements for their automotive industries; of changing the U.S. Generalized System of Preferences as proposed in S.1150, the Heinz-Moynihan legislation; of H.R. 5133, a bill to impose local content requirements on car manufacturers who supply the U.S. market; and of various remedies for industries that petitioned for import protection under the "escape clause" (Section 201) of the Trade Act of 1974. The Bureau also continued to update its study of U.S. competitiveness, and completed an assessment of the pressures confronting the international trade system in the 1980's.

The Department represented the U.S. Government on the Manpower and Social Affairs Committee in the OECD and contributed importantly to the Committee's Working Party on Employment. The Department also played a key role in presenting the U.S. position for the Ministerial level meeting of the Committee. The final communique from the meeting incorporated U.S. views stressing nonintervention in labor markets.

A cooperative research project with the Japanese Ministry of Labor was continued; it compares labor market adjustment policies and processes in the two countries. Field research was completed in the summer of 1981, consisting of on site surveys of firms in five industries in Japan and the United States that experienced major changes in employment. The preliminary findings appeared in several publications, and the final joint U.S.-Japan report is in progress.

There were several ongoing contract research studies. These included a study covering the effect of European job protection laws on the hiring and unemployment of new entrants into the labor force, especially of youth; a study of the value of retraining to displaced experienced workers; and a study of the effect of energy price controls on U.S. exports of petrochemicals. Other contract research studies were completed on the earnings of

workers displaced by plant closings, and on the availability of administrative data to analyze worker displacement.

Foreign Labor Affairs

A U.S. delegation comprised of labor, business, and government representatives attended the Seventh Inter-American Conference of Ministers of Labor held in the Dominican Republic in February 1982. A number of recommendations were approved by the Conference as a means of accelerating the sociolabor development process of member nations. The U.S. delegations played an active role in the debate on such issues as labor migration, employment, skills training, and occupational safety and health.

The "Department-to-Ministry" program was expanded to include technical cooperation activities with Mexico, Jamaica, and Brazil. In this connection, DOL agencies provided technical expertise and training in the areas of industrial relations and worker skills. Other areas of mutual cooperation included technical exchange in labor statistics and safety and health. A U.S. delegation representing government, business, and labor also participated in a National Symposium on industrial relations in Brazil in May. The delegation included representatives from ILAB, the Federal Mediation and Conciliation Service, the American Institute for Free Labor Development, and Goodyear Tire and Rubber Company.

The Bureau of International Labor Affairs also prepared labor profiles on selected countries of the Caribbean and Central America for use by U.S. Government agencies and the business community dealing with technical assistance and private investment in the region.

World Trade Union Directory

After a 20-year hiatus, ILAB was again developing a World Directory of Labor Organizations. This publication, listing labor federations and their affiliates and including principal officers, addresses, international affiliations, membership figures, etc., was to be a cooperative effort involving labor attaches, labor reporting officers and U.S. embassies overseas, and ILAB. Plans called for completion of the first edition within 2 years and with annual revisions to follow yearly.

Labor Analysis

ILAB commenced in-depth analysis of selected international labor topics. The purpose of this analysis was to provide gov-

ernment policymakers with policy options and alternative strategies for achieving U.S. foreign policy objectives as they relate to labor and labor-related matters.

American Labor Attaches

The Departments of State and Labor held conferences in New Delhi for Foreign Service Labor Attaches stationed in Africa, Asia, and Europe and in Washington for those assigned to Latin America and the Caribbean. At the urging of the Department of Labor, the format of the annual labor report was changed to make the report more responsive to the needs of policymakers and more widely available to labor union, academic, and business circles. The Department participated in the management of the Foreign Service through the Board of the Foreign Service and the Board of Examiners which were reconstituted under the Foreign Service Act of 1980. The Department also participated in Foreign Service promotion panels.

International Labor Organization (ILO)

The Department continued to provide leadership for U.S. participation in the ILO. Deputy Under Secretary Robert W. Searby continued to serve as the U.S. Representative to the ILO. Secretary Donovan headed the U.S. Delegation to the ILO's 1982 Conference, as he did in 1981. The U.S. Delegation performed a catalytic role in improving coordination of Conference issues among the industrialized market economy countries (IMEC). U.S. participation during this period was guided by the President's Committee on the ILO and its subgroups. Chaired by the Secretary of Labor, this Committee included representatives from the Departments of State, Commerce, and the President's National Security Adviser, as well as the presidents of the AFL-CIO and the U.S. Council for International Business.

A major initiative was Departmental preparation, and leadership of U.S. discussions with the ILO, of an anticipatory version of the ILO's biennial program and budget for 1984-1985. This was a beginning step in efforts to limit the extent of increases in the ILO's assessed budget, while improving the relevance and effectiveness of its technical programs.

The Department continued to work closely with the State Department and other agencies to address questions relating to the implementation of international labor standards, both in the United States and around the world. The Department, in consultation with the Federal Aviation Administration and the

Departments of State and Justice, prepared a successful response to the ILO regarding the U.S. Government's handling of the PATCO situation. Coordination was provided for U.S. participation in the Governing Body and Conference discussions leading to ILO criticism of Poland's actions against Solidarity. The Committee on Application of Conventions and Recommendations approved a special paragraph noting Poland's violations of international standards governing freedom of association. The Department coordinated tripartite review of ILO labor standards to identify any legal barriers to U.S. reratification. Also, the Department assumed responsibility for preparing the executive branch letters to Congress regarding ratification of individual labor standards.

As an initial step in increasing private sector involvement in ILO activities, Department coordinated the upgrading of private sector participation in the industrial meeting for the chemical sector.

The Department began the development of an information collection and analysis system for ILO technical cooperation activities. This system, to be fully developed and implemented during fiscal 1983, was to help the United States strengthen these activities by participating more effectively in the ILO's Operational Programs Committee and the Governing Body.

International Technical Cooperation

During the past fiscal year, ILAB continued to provide technical cooperation services to developing countries under funding provided by the Agency for International Development (AID). ILAB provided short-term diagnostic or technical assistance services to the following countries: Jamaica, Brazil, Argentina, Barbados, St. Lucia, Dominica, Panama, Peru, Thailand, and Egypt. ILAB, through its own advisors and those recruited by the Bureau, also continued to provide long-term technical assistance services of 2 years or more in Egypt, Jamaica, and Indonesia.

In addition to Federal employees, ILAB recruited advisors from American State and local governments to provide technical assistance that would satisfy the requirements of AID in such areas as labor market information, labor force projections, vocational education, self-employment training, labor force planning.

The Saudi Arabian Vocational Training and Construction Project (VOTRAKON) continued to be ILAB's principal foreign-financed technical cooperation project.

Funded entirely by the Saudi Arabian Government, this program emphasized the upgrading of vocational training as well as construction of training and related housing facilities. Under this project, 83 Saudi Arabian trainees completed 2-year programs and returned to their country to serve as instructors, teacher trainers, on-the-job training directors, vocational training center administrators, and instructional media developers. An additional 40 Saudi students arrived in the United States to commence instructor training programs. In order to strengthen the professional teacher skills among the new trainees, DOL began the development of competency-based training materials to be used during the teacher training program.

Development continued on the curricula materials for eight skilled trades. Field testing either began or was to begin for each of these trades. DOL advisors in Saudi Arabia received Saudi approval to implement, throughout the vocational training network, a new system for career orientation and career selection among trainees of ages 14-17 (through the prevocational training centers) and 17-30 (through the vocational training centers).

Substantial progress was made in the area of on-the-job training throughout the Kingdom. Several of the more substantial accomplishments included the development of job certification standards, construction of three regional OJT centers, establishment of position titles and job performances standards, involvement of industries in government/industry cooperative programs for training, definition of a Kingdom-wide information network, and the development of a comprehensive plan for the training of first line training supervisors and organizational training directors.

Construction contracts were awarded for all the approved sites in the original VOTRAKON Project at a total cost of approximately \$504 million. The last construction contract was scheduled to be completed in October 1984.

Among other foreign-financed programs, agreements for assistance were negotiated with Paraguay and Bahrain. Other agreements were under negotiation with the Government of the Bahamas, Kuwait, and Nigeria.

International Visitors Program

During the year, the Office of International Visitor Programs maintained its close ties with the AFL-CIO its affiliates. ILAB arranged programs for some 510 foreign trade unionists with American labor organizations and the private and public sector

under contract to the U.S. Information Agency and the Agency for International Development. In addition, ILAB prepared technical training programs for 485 non-trade union visitors, which included 70 United Nations Agency Fellows—a program that was sharply cut back during the year. Under new arrangements with the Washington office of the International Labor Organization, 70 of its Fellows were provided training programs in the last half of the year.

ILAB also engaged in discussions with other agencies concerning the initiation of a new Free Labor Leader Program. Such a program would seek to improve and expand U.S. labor exchange programs with nations affected by active or potentially destabilizing Communist or antidemocratic labor activities.

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Women's Bureau

In fiscal year 1982 the Women's Bureau continued to emphasize working cooperatively with Department of Labor and other Federal agencies, State and local governments, and the private sector to increase the quality and quantity of employment available to women. Noteworthy accomplishments could be measured in three broad areas: work options and opportunities, information services, and international activities.

Work Options and Opportunities

Projects and Initiatives—A number of special projects developed techniques to improve employability and employment opportunities for economically disadvantaged women. The Displaced Homemakers Network was funded to continue technical assistance to programs that counsel, train, and place women who have been out of the labor force for a long time owing to family responsibilities and who need a variety of employment services. The Network, under Women's Bureau contract, began work on a state-of-the-art report, documenting new program designs, the kinds of services provided, problems that sometimes arise in program operations, and solutions that have worked. A how-to manual on developing funding alternatives for programs that focus on entrepreneurial options for displaced homemakers was also in progress, to contain information about how to plan, finance, and manage such a business.

Two projects targeted the special needs of young women. The Adolescent Mothers project begun in fiscal 1981 was completed. Six programs for teen mothers in various parts of the country provided counseling, training, and supportive services to nearly 450 young mothers to help them stay in or return to school, and encouraged them to consider a broad range of job options through career exploration and work experience. Based on the experience gained in these projects, the Bureau developed a model for a teen mother employment program, which was replicated by the Alabama Department of Pensions and Security with a grant from the Employment and Training Administration. The Women's Bureau supplied technical assistance to and monitored the project which served teen mothers who were welfare recipients.

Three WB regions were funded to work with a local school system and local government officials to replicate the Women in Nontraditional Careers (WINC) curriculum. Developed as a regular course offering for high schools, this curriculum was a part of the Bureau's school-to-work transition project in fiscal 1981. Workshops provided information about the success of the program in the Portland, Oreg., schools.

In addition to serving as a national clearinghouse on work-related child care, the Bureau undertook a national child care initiative to encourage employers to sponsor child care systems for employees. Consultants under contract in each region were attempting to put an employer-sponsored child care system in place through providing employers with information about various models and alternatives available, tax incentives, and other benefits. To assist this effort, the publication, *Employers and Child Care: Establishing Services Through the Workplace*, was revised after 10,000 copies had been distributed in less than 7 months. The Bureau joined with the Rockefeller Foundation in a project to help single heads of households with employment and training needs. The Bureau awarded contracts to four of six Rockefeller grantees to demonstrate innovative child care systems to meet the needs of this client group.

The Job Fair project was another national initiative begun in fiscal year 1982. Each region began planning a Job Fair based on a model developed in the New York region. The model included counseling and jobseeking skills training for economically disadvantaged women at a 1-day Job Fair and provided for linking the women and employers who participate. In addition, the model featured a 1-year ongoing employment matching service, Talent Bank, which matched women applicants to specific job openings. In most regions the Women's Bureau contracted with community-based organizations or commissions for women to conduct the Job Fairs and followup activities.

The Women's Bureau joined the Army Corps of Engineers, the Tennessee Tombigbee Project Area Council, and the Tennessee Valley Authority in a jointly sponsored program to increase the participation of women in the construction of the Tennessee Tombigbee Waterway. The project resulted in union contractors meeting the 6.9 percent Federal goal for female participation in the construction effort and in nonunion contractors reaching a participation rate of 6.6 percent women.

The National Women's Employment and Education program, San Antonio, Tex., developed a series of six handbooks for the Women's Bureau. The handbooks were to be used to

facilitate replication of a Bureau-funded project that placed AFDC women in above minimum wage, primarily nontraditional jobs.

Training—Two projects focused on increasing women's employment opportunities through developing workshops for employment and training professionals and others who have an impact on access to jobs. The Women in Apprenticeship project was a major initiative that trained more than 2,800 people in 44 cities across the country, using a training package developed by the Bureau. Sessions were held with representatives of unions, employers, educators, employment and training program staff, program operators, and community-based organizations to make them more aware of women's interest in and ability to perform skilled trades work and other nontraditional jobs. In most cases, an organization or committee was left in place in the community to follow up on commitments made by participants to work for women's increased access to apprenticeship jobs.

In another effort related to women and apprenticeship, the Bureau continued to carry responsibility for coordinating departmental activities related to the consent decree in *Advocates for Women v. Marshall*. The monitoring committee established pursuant to that decree required the Department to take action to improve women's participation in construction and apprenticeship programs.

As the result of another training project, eight technical assistance guides (TAG's) were developed, designed to help State and local officials and employment and training program managers and staff to improve service to women eligible for publicly funded training programs. The TAG's were to be used in fiscal 1983 by Women's Bureau regional staff to try to achieve more equitable treatment of women in these programs.

Laws and Regulations—As women's access to jobs continued to be affected by laws and regulations governing employment, the Women's Bureau analyzed and commented on proposed Federal legislation and regulations that impact on working women. In cooperation with the Department's legislative and solicitor's offices, the Bureau briefed women's groups on the impact of the revised job training legislation and the proposed OFCCP regulations. Staff also researched the current status of State employment laws that affect women. *A Working Women's Guide to Her Job Rights* was revised, and leaflets on *Federal Child Care Legislation* and the *Economic Recovery Tax Act* were written. The Bureau participated in departmental efforts to identify and eliminate sex discrimination in laws

and regulations, and the director served on the President's Task Force on Legal Equity which was reviewing Federal laws and regulations for sex bias. In addition, the Bureau supported the Administration's Fifty States Project, which works with State Governors' offices to encourage them to review statutes for sex discriminatory provisions and to take the necessary action to amend the statutes to achieve legal equality for women.

Conferences, networks, and other activities—While much of the Bureau's outreach activity was included under projects and initiatives related to improving work opportunities and options, a number of other outreach efforts was significant.

A corporate board women's project brought together about 270 women in five major cities to consider how women obtain positions as board members in large (over 500 employees) corporations and ways in which private corporations can advance women and enhance their work opportunities and conditions at all levels of employment. The participants in these conferences were women who serve on boards or who have upper level management jobs in large corporations.

Other projects related to corporate board women included an Institute for the Advancement of the Black Female in Corporate Leadership Positions, which was funded by the Bureau through a grant to Howard University and fostered the development of networks among corporate board women.

The Bureau supported women in business through encouraging large corporations and corporate board women to raise the level of procurement contracting with women-owned businesses. The displaced homemaker model for project-sustaining fund through small business operations, and a project designed to teach mature rural women entrepreneurial skills were also funded to increase women's participation in business enterprise. The regional offices cosponsored conferences and maintained other activities to assist women in business.

The Bureau continued to provide leadership and staff support to the Washington Union Women's Group, the Women Offender Network, and the Interagency Task Force on American Indian Women, and provided funding to develop an Asian and Pacific American women's network. The regional offices also assisted State and regional networks and coalitions by serving as a clearinghouse and bringing together individuals and groups with a common interest in women's employment issues.

In fiscal 1982 the Women's Bureau provided funding and other assistance to support regional conferences of commissions in five regions. The meetings will be held in fiscal 1983. In addition, both national and regional offices worked with com-

missions on women on a variety of issues and projects related to women's employment.

As part of its ongoing effort to improve employment training for women offenders, the Bureau provided technical assistance to State prison systems on developing apprenticeship and other nontraditional training programs for women inmates. During the year, State prisons had such programs as a result of the Bureau's cooperative efforts with the Federal Prison System and the Bureau of Apprenticeship and Training.

The Bureau also reached an agreement with the Bureau of Prisons, the Bureau of Apprenticeship and Training, the D.C. Department of Corrections, the U.S. Parole Office, and three prerelease centers serving the District of Columbia to strengthen linkages to assist women offenders participating in the apprenticeship program at the Federal Correctional Institution, Alderson, W.Va., to obtain further training in skilled trades upon release from prison.

Projects designed to assist minority women in developing solutions to the particular labor market disadvantages they face included sponsoring conferences with Hispanic, Asian and Pacific American, and other minority women in a number of cities. Information about training programs, employment legislation, and leadership techniques was supplied; projects also stressed how to take advantage of local education, counseling, and supportive services. Developing funding support from community, foundation, and corporate resources and through self-sustaining projects and small business ventures was emphasized.

Information Services

Collecting, publishing, and disseminating information about women workers and programs designed to increase their employment options continued to be an important activity. The Bureau served as a source of reliable data about women workers, analyzing statistics on women's occupations, earnings, education, and other related factors. Two statistical fact sheets were updated, "20 Facts on Women Workers" and "The Economic Responsibilities of Working Women." A major effort during the year was the updating of the *Handbook on Women Workers*, including detailed information about women's status in terms of employment, education, earnings, and income as well as Federal and State employment legislation.

In addition to distributing statistical information and providing technical assistance related to outreach and employment

programs, the Bureau disseminated information about successful program models, employment rights, and a wide range of issues such as pay equity, alternative work schedules, the impact of new technologies, and occupational safety and health in response to requests for information and technical assistance.

A Clearinghouse on Women's Concerns, funded in region VII, provided direct services to more than 28,000 people through responses to constituent inquiries and the development and maintenance of 24 networks. In addition, eight information packages on subjects such as women in business, legislative updates, and women in crisis were developed and shared with individual women or groups focusing on specific needs of women.

International Activities

The Director of the Women's Bureau headed the U.S. delegation to the meeting of the Organization for Economic Cooperation and Development's (OECD) Working Party No. 6 on the Role of Women in the Economy in Paris, June 1982, where she was elected a Vice-Chair of the Working Party. The Working Party discussed trends in employment and unemployment of women in OECD countries, concentration of females in certain occupations, and educational opportunities for girls and women. The U.S. report, "Equal Employment Opportunity for Women: U.S. Policies," was prepared for this meeting.

The Bureau Director visited the International Labor Organization in Geneva, Switzerland, to meet with officials on employment and training activities for women through the ILO. Areas of mutual concern and possible cooperative efforts were identified, particularly the use of WB-developed model demonstration programs for implementation in developing countries.

Other international activities included the Director's participation in a 5-day seminar for directors of women's bureaus sponsored by the Inter-American Commission of Women in Cartagena, Colombia, and meetings with directors of women's bureaus and other official visitors from such countries as Denmark, Israel, India, Canada, Australia, Japan, and Jamaica.

Office of Inspector General

A marked increase in convictions in fraud and organized crime and labor racketeering investigations highlighted the major accomplishments of the Office of Inspector General (OIG) for fiscal year 1982. Other accomplishments included broadened audit coverage of programs that have traditionally received little OIG attention and a number of joint efforts with DOL program agencies.

Fraud investigations resulted in 139 individuals being convicted—more than double the fiscal 1981 figure of 64. Fraud indictments totaled 176, almost twice last fiscal year's figure of 94. The Office began 574 fraud investigations and closed 655.

These investigations included significant cases in the areas of program fraud, employee integrity, and complex white collar crime, such as two cases in the OWCP Fiscal Division in Philadelphia. This investigation involved four DOL employees and seven associates in two separate schemes to defraud government benefit programs. Three defendants, including a supervisor and an employee of the Fiscal Division, were sentenced in one of the cases for stealing and attempting to steal about \$69,000 from the Department by creating and approving false documents that resulted in disability compensation checks being issued. The other case, which was under indictment, alleged that a bill payer authorized payment for medical services that were never performed. His four codefendants allegedly received \$236,955 from this scheme.

Another significant example of fraud investigations was the case of a former assistant director of the Adams County Employment and Training Division in Colorado who was sentenced for embezzling CETA funds and for income tax evasion. Since March 1975, she had endorsed and deposited into a personal account about 800 checks totaling over \$300,000. The embezzlement was uncovered during an audit of Federal funds. IRS joined the investigation to review the income tax evasion violations.

The OIG's organized crime and labor racketeering investigations, which cover organized crime involvement in schemes of embezzlement, kickbacks, illegal payments, extortion, and racketeering relating to unions, resulted in 80 convictions, over twice the last fiscal year's figure of 35. Investigations included nationwide organized crime-connected schemes, such as the union

insurance business kickback scheme involving the Laborers' International Union of North America. This investigation accounted for the convictions of eight defendants. Three others were acquitted, and five await trial. This was a joint OIG-FBI-IRS investigation.

OIG was also involved in breaking organized crime's hold on lucrative industries, such as the wholesale fish market in New York. This continuing joint investigation with other law enforcement agencies of the Fulton Fish Market in New York resulted in 13 convictions during the fiscal year. To date, the result of this investigation had led to 32 of 44 defendants convicted or pleading guilty to charges. Nine of the defendants were awaiting trial, two had been acquitted, and one was a fugitive.

In the OIG's audit work, \$184 million in questioned costs and costs recommended for disallowance came from 814 reports issued on the Department's programs, grants, and contracts. Continuing the strong departmental commitment to audit resolution, \$63 million, out of \$172 million in audit exceptions, was disallowed in the 657 reports resolved. By the end of the fiscal year, only 12 reports over 6 months old were precluded from resolution, pending conclusion of investigations or settlement of other unique problems.

Although OIG broadened its audit coverage to include other areas of the Department, the Comprehensive Employment and Training Act (CETA) continued to receive a substantial amount of attention. About \$141.5 million in CETA funds was questioned or recommended for disallowance, mainly because of unresolved subgrantee costs. OIG also conducted audits on issues of particular concern during CETA program transition, such as the disposition of CETA property, debt collection, and management of obligational authority.

In a joint project with the Employment and Training Administration (ETA), OIG began expanding audit coverage of the Job Corps program to achieve audit coverage of 90 percent of the Job Corps funding. Audit coverage has begun of approximately \$1 billion that has been provided to private contractors to operate 72 Job Corps Centers.

OIG turned its attention to the Unemployment Insurance Program, whose Trust Fund was budgeted for \$21.3 billion for the fiscal year. A nationwide audit of the benefit payment control system and another audit of the program's tax collection systems began.

In the area of workers' compensation programs, several major initiatives were continuing to produce results. A national

project, which began reviewing claims under the Federal Employees' Compensation Act (FECA) late in the last fiscal year, has reduced or terminated benefits to more than 500 claimants. If these benefits had not been changed, about \$5 million annually would have been paid.

In addition, under the auspices of the President's Council on Integrity and Efficiency, the OIG led an interagency study on the role of employing agencies in improving the administration of the FECA program. A number of statutory recommendations were made to enable these agencies to do a better job of investigating claims and getting claimants back to work as quickly as possible. Secretary Donovan established a task force to follow up on the study's recommendations and report to the Council. The task force had representatives from the Department of Defense, Department of Transportation, the Office of Management and Budget, the Office of Personnel Management, and the U.S. Postal Service. Implementation of the study's recommendations were expected to significantly improve administration of the FECA program and to result in substantial dollar savings.

The OIG complaint center, which handles mail or telephone complaints of fraud, waste, or abuse in Department of Labor programs, received 299 complaints that warranted audit, investigative, or program agency attention. Of these complaints, the majority pertained to programs administered by the Employment and Training Administration and the Employment Standards Administration. ETA complaints consisted mainly of abuses of the CETA program and unemployment compensation fraud. ESA complaints usually involved either benefit program fraud or mishandling and slow processing of claims by OWCP offices. A total of 213 complaints, initiated before or during this fiscal year, were resolved and closed.

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Employees' Compensation Appeals Board

The Employees' Compensation Appeals Board (ECAB) carried out its decisionmaking activities by closing 2,249 cases during the fiscal year. The Board has authority to make final decisions on appeals arising under the Federal Employees' Compensation Act involving work-connected injuries and diseases.

The Board began the 1982 fiscal year with 562 cases pending. During the year 2,208 new appeals were docketed and 2,249 were closed, leaving 521 pending cases at the end of the year. The number of appeals docketed increased by approximately 10 percent from 1981, while case closures decreased approximately 6 percent. This decrease was attributed to a decrease in the number of hearing loss cases appealed to the Board. Cases closed by the Board during fiscal 1982 were those requiring additional research and conference among staff attorneys and Board members, resulting in additional time requirements. The Board reduced its backlog approximately 8 percent in 1982.

Of the 521 pending cases, 150 were ready for Board decision. The balance were awaiting action by the parties, such as the filing of a memorandum by the Office of Workers' Compensation Programs to justify its determination or a reply by appellant to the Office's memorandum.

The average time lapse between the docketing of an appeal and its disposition by the Board was 3.3 months in fiscal 1982.

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Benefits Review Board

A continuing heavy number of cases were appealed to the Benefits Review Board in fiscal year 1982. The Board received 2,545 new appeals during the year, of which 2,003 were Black Lung cases and 542 were Longshore cases. Dispositions were issued for 1,011 cases, of which 751 were Black Lung and 260 were Longshore. Black Lung amendments passed late in 1981 necessitated the reexamination and reprocessing of several hundred cases. At the end of the year, 4,317 appeals were pending before the Board.

The rate at which Board dispositions were appealed to the U.S. Court of Appeals during the year dropped to 9 percent of total dispositions.

In February, the Board was caught up in a Reduction-in-Force (RIF) when approximately 50 of over 2,000 positions within both the Office of the Secretary and the Office of the Assistant Secretary for Administration and Management were abolished. Although no Board positions were abolished, 14 of 44 permanent administrative, clerical and technical employees were terminated from the Board and replaced by more senior employees from elsewhere in the Department. While the incoming employees had more employment experience, they lacked specialized knowledge of Board procedures. As a consequence, the organization was hard pressed to retain production levels in Word Processing and Docket areas. The Board's decisions are published and are available to the public.

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Information Activities

Public information activities in the Department of Labor during the 1982 fiscal year reflected the Administration's continuing emphasis on regulatory reform, reduction of Federal spending, improved efficiency and effectiveness in government.

A recession creating layoffs in many sectors of the economy and the high priority assigned to the Administration's economic recovery program generated both demand and visibility for Department of Labor information. Regular issuances of statistics on employment and unemployment, real earnings, industrial productivity, producer and consumer prices, and unemployment insurance claims were monitored closely by the media and public.

Attention was also focused on legislative, regulatory, and policy developments in key Department programs affecting workers, including extension of unemployment benefits for the long-term jobless, plans to increase private-sector involvement in job-training programs, and regulatory changes in occupational and mine safety and health, employment standards, and pension and welfare benefit protections.

Department officials sought throughout the year to increase public understanding of these developments and to promote participation and feedback from affected groups in the rule and policymaking processes. Among the communications tools used were news releases, media interviews, radio and TV appearances, op-ed articles, news briefings, news conferences, and speaking engagements which brought officials, formally and informally, in contact with affected organizations of workers or employers, special-interest groups, and concerned individuals.

The Department's specially targeted news packets mailed to media serving blacks, Hispanics, women, labor union members, small-town residents, and business continued to be useful vehicles for reaching groups with pertinent information about programs, policies, and activities. Included was a series of articles describing how each of the Department's major programs affects and benefits both workers and employers. Feature stories were also developed and issued through the news services or placed directly with the media, describing how individuals or groups have been served in various programs.

A common theme in the Department's communications initiatives during the year was the Administration's desire to increase voluntary private participation in Federal programs and to develop more cooperative and less adversarial ap-

proaches to achieving compliance with Federal laws involving labor, management, and government.

Department officials stressed repeatedly in their media and public contacts that increasing the private sector's role in key areas such as job training and occupational safety and health is necessary not only to achieve better program results, but also to reduce Federal spending and to target Federal resources to areas of the greatest need.

The Department's own contributions to Government cost-cutting were highlighted in various announcements during the year, including actions to correct program fraud and abuse, efforts to improve program administration and enforcement, and a major drive to reduce Department subscriptions to newspapers, magazines, and other periodicals, resulting in an estimated savings of \$400,000.

Numerous actions were taken to achieve greater economy and effectiveness in public information activities.

For example, an OMB-mandated control and review system for audiovisual products and publications began operating during the year to help insure that high-quality materials are produced efficiently and reach their intended audiences with meaningful information about the Department's many programs and services. The system already has resulted in considerable savings for the Department by eliminating duplication and promoting cost effectiveness in audiovisual and publication activities.

In addition, a major consolidation of departmental audiovisual production facilities got under way that will save more than \$250,000 a year; travel by Department officials to the regions was reduced while enabling them to maintain a presence in the field through greater use of videotaped presentations; news release printing and distribution procedures as well as graphics, audiovisual, and exhibit guidelines were revised to reduce costs, a more economical and efficient departmental exhibit system was designed, and steps were taken to strengthen regional information office operations.

As a Cabinet agency responsible for serving millions of workers, employers, and other constituents across the country under a wide range of complex Federal laws and programs, the Department of Labor must continually strive for effective communications. In fiscal 1982, many steps were taken to expand dialogue with the American people and enhance the quality of information services to them.

Appendix Tables

Appropriations and Other Obligational Authority

**Number of Employees on Labor Department Rolls As
of October 2, 1982**

**Characteristics of Participants in Comprehensive
Employment and Training Act, Title II BC, Title IV (YETP)
and Title VII Projects, Fiscal Year 1982**

**Selected Employment Service Activities, U.S. Totals,
1966-82, and by State, Fiscal Year 1982**

**Benefit Data Under State Unemployment Insurance Pro-
grams, U.S. Totals, 1972-81, and by State for 12 Months
Ending December 31, 1981**

Appropriations and Other Obligational Authority

	Fiscal year 1982 Amounts
Federal Funds:	
Employment and Training Administration,	
Program Administration	74,106,000
Employment and Training Assistance	3,031,844,000
Community Service for Older Americans	277,100,000
Federal Unemployment Benefits and Allowances	306,000,000
Grants to States for Unemployment Insurance and Employment Services	39,272,000
Advances to the Unemployment Trust Fund and Other Funds	4,318,000,000
Total, Employment and Training Administration	8,046,322,000
Labor Management Services Administration	54,910,000
Employment Standards Administration	158,203,000
Special Benefits	348,892,000
Occupational Safety and Health Administration	195,465,000
Mine Safety and Health Administration	150,133,000
Bureau of Labor Statistics	113,067,000
Departmental Management	126,069,000
Special Foreign Currency	200,000
Proprietary Receipts	-10,000,000
Total, Federal Funds	9,183,261,000
Trust Funds:	
Unemployment Trust Fund (ETA)	20,200,000,000
Black Lung Disability Trust Fund (ESA)	774,400,000
Special Workers' Compensation (ESA)	29,500,000
Gifts and Bequests (ETA)	100,000
Total, Trust Funds	21,004,000,000
Interfund Transactions	-2,844,320,000
Total, Department of Labor Budget	27,342,941,000
Other Funding:	
Funds appropriated to other agencies for programs administered by the Department of Labor: Department of Health and Human Services (not Incentive Program)	280,760,000
Other Federal agencies (Federal Employees Compensation Act)	703,481,000
Total, Other Funds	984,241,000
Grand Total, All Funds	28,327,182,000

Number of Employees on Labor Department Rolls As of October 2, 1982

	Full-time employees			Other		
	Total	DC	Field	Total	DC	Field
All agencies.....	18,209	6,369	11,840	915	282	633
ETA	2,392	975	1,417	39	32	7
LMSA	1,007	492	515	35	26	9
ESA	4,035	728	3,307	217	35	182
OSHA	2,199	482	1,717	34	15	19
MSHA	3,140	248	2,892	48	12	36
BLS	1,843	1,324	519	361	31	330
OSEC	442	175	267	15	10	5
SOL	753	426	327	46	39	7
ILAB	109	104	5	10	10	---
OASAM	975	552	423	57	26	31
CIG	429	91	338	4	3	1
Other	461	348	113	35	29	6
PBOC	424	424	---	14	14	---

Characteristics of Participants in Comprehensive Employment and Training Act, Title II BC, Title IV (YETP), and Title VII Projects, Fiscal Year 1982

(Figures for 9 months through June 30, 1982,¹ percentage distribution)

Characteristics	Title II-BC	Title IV ²	Title VII
U.S. total:			
Number	626,771	176,541	90,709
Percent	100.0	100.0	100.0
Male	48.4	51.2	55.2
Female	51.6	48.8	44.8
Age:			
14-15	3.1	11.1	0.8
16-19	24.1	78.3	17.3
20-21	13.5	10.4	14.3
22-44	52.5	0.2	61.4
45-54	4.3	0.0	4.5
55 and over	2.4	0.0	1.6
Education:			
School dropout	30.2	20.0	26.5
Student (H.S. or less)	12.0	66.9	5.1
H.S. grad., no post H.S.	42.1	10.0	48.6
Post H. S. attendee	15.7	3.1	19.7
On public assistance:			
AFDC (SSA tit. IV)	20.9	24.8	16.4
SSI (SSA tit. XVI)	3.1	5.6	2.6
Total	29.1	31.7	23.7
Economic status:			
OMB pov. level or 70% LLSIL	96.8	85.7	94.7
71%-85% of LLSIL	0.7	7.7	1.0
86%-100% of LLSIL	0.5	1.1	0.7
Above 100% of LLSIL	1.5	5.3	3.6
Economically disadvantaged	99.0	92.1	96.4
Family status:			
Single Parent	21.2	4.7	20.7
Parent in two-parent family	16.5	3.3	19.6
Other family member	26.2	73.7	19.3
Nondependent individual	36.1	18.2	40.4
Ethnic group:			
White (not Hispanic)	51.7	46.1	53.3
Black (not Hispanic)	32.5	39.8	33.2
Hispanic	11.3	10.5	9.6
American Indian or Alaskan Native	1.3	1.4	1.1
Asian or Pacific Islander	3.2	2.2	2.9
Limited English-speaking ability	5.5	3.1	3.4
Migrant or seasonal farmworker	0.7	0.8	0.6

Characteristics of Participants in Comprehensive Employment and Training Act, Title II BC, Title IV (YETP), and Title VII Projects, Fiscal Year 1982

(Figures for 9 months through June 30, 1982,¹ percentage distribution)

Characteristics	Title II-BC	Title IV ²	Title VII
U.S. total:			
Number	626,771	176,541	90,709
Percent	100.0	100.0	100.0
Veteran:			
Total	8.7	0.5	11.9
Vietnam-era (age 34 or less)	3.3	0.1	5.1
Special disabled	0.4	0.0	0.6
Handicapped	9.7	10.2	8.1
Offender	9.4	6.0	9.9
Displaced homemaker	5.5	0.4	4.8
Labor force status:			
In-school	13.7	67.4	5.6
Underemployed	3.9	2.6	3.9
Unemployed	80.4	41.2	79.5
Other	15.7	56.2	16.5
Unemployment compensation claimant	7.5	1.2	9.5
TJTC ³ eligible	6.3	3.1	7.0

¹Preliminary third quarter data as of 9/10/82.

²Includes YETP and YETP Governor's Grants only.

³Targeted Jobs Tax Credit.

Selected Employment Service Activities, U.S. Totals, 1966-82, and by State, Fiscal Year 1982¹

Fiscal and State	New applications ¹	Total counseling interviews	Test administered	Placements	
				In nonagricultural industries	In agricultural industries
Fiscal and State	New applications ¹	Total counseling interviews	Test administered	Placements	
				In nonagricultural industries	In agricultural industries
1966	10,625,700	2,285,316	2,594,175	6,586,827	4,305,207
1967	10,773,823	2,399,120	2,277,114	6,142,153	4,112,938
1968	10,693,230	2,599,022	2,099,955	5,759,923	4,572,501
1969	9,962,834	2,503,928	1,783,298	5,524,269	4,864,495
1970	9,957,060	2,522,963	1,489,561	4,603,597	4,550,348
1971	9,740,415	2,388,563	1,198,423	3,596,832	3,263,541
1972	9,370,000	2,471,000	1,558,000	3,610,000	2,715,000
1973 ²	11,485,026	2,564,935	1,611,500	4,516,703	2,104,931
1974	11,905,444	2,021,731	1,345,169	4,913,391	1,758,096
1975	12,348,586	1,643,521	1,676,826	4,273,911	1,497,591
1976	15,437,453	1,981,961	1,326,289	6,157,528	760,790
1977	12,349,795	1,654,207	1,134,050	5,544,125	387,425
1978	12,103,933	1,717,860	1,180,521	6,247,714	384,571
1979	12,801,374	1,719,846	1,246,823	6,349,180	406,184
1980	13,727,655	1,767,814	1,232,979	5,609,984	380,213
1981	13,122,374	1,775,815	1,244,292	5,222,965	472,076
1982	11,194,138	1,069,361	795,519	4,381,976	443,607
Alabama	200,708	18,331	44,960	63,686	650
Alaska	53,335	4,025	5,700	28,937	275
Arizona	154,723	8,574	2,929	44,914	2,841
Arkansas	132,118	9,209	7,769	74,247	2,057
California	1,089,168	46,376	11,075	429,850	39,420
Colorado	179,365	10,328	10,509	57,790	4,704
Connecticut	107,507	18,312	5,007	29,490	1,472
Delaware	24,693	3,306	1,554	5,867	1,785
District of Columbia	57,666	9,920	4,735	27,000	3
Florida	493,725	50,110	25,102	144,780	12,093
Georgia	300,692	62,369	16,459	139,515	20,289
Hawaii	58,751	2,538	1,543	15,293	1,103
Idaho	64,143	5,572	3,514	26,569	4,398
Illinois	448,473	40,047	8,973	103,476	3,412
Indiana	384,301	11,759	13,556	49,268	24,000
Iowa	201,915	9,238	17,817	150,597	8,260
Kansas	132,487	8,317	5,242	46,300	4,858
Kentucky	187,805	41,645	22,432	61,094	1,292
Louisiana	201,373	14,594	15,493	79,511	555
Maine	49,873	2,258	890	14,239	365
Maryland	126,591	18,907	8,336	22,200	780
Massachusetts	220,479	26,957	3,333	75,040	1,734
Michigan	498,628	42,775	15,423	58,431	12,446
Minnesota	246,306	19,857	17,677	73,045	24,312
Mississippi	163,682	28,389	22,704	78,624	814
Missouri	302,774	22,787	38,799	80,599	2,180
Montana	71,733	14,611	11,157	50,044	4,101

**Selected Employment Service Activities, U.S. Totals, 1966-82, and
by State, Fiscal Year 1982¹**

Fiscal and State	New applications ¹	Total counseling interviews	Test administered	Placements	
				In nonagricultural industries	In agricultural industries
Fiscal and State	New applications ¹	Total counseling interviews	Test administered	Placements	
				In nonagricultural industries	In agricultural industries
Nebraska	86,995	8,030	8,170	43,672	3,677
Nevada	51,022	3,142	5,178	25,855	1,097
New Hampshire	39,196	1,734	559	10,875	233
New Jersey	244,775	27,703	3,479	119,410	411
New Mexico	99,851	5,847	3,430	38,758	3,041
New York	452,977	95,067	70,820	615,479	4,617
North Carolina	387,083	49,565	52,451	100,548	64,440
North Dakota	43,625	4,815	7,328	34,430	2,315
Ohio	533,370	37,485	30,112	68,693	29,287
Oklahoma	265,031	17,905	37,730	139,358	6,726
Oregon	82,515	6,025	2,270	37,016	17,106
Pennsylvania	246,751	27,433	25,325	144,733	1,374
Puerto Rico	199,844	11,566	4,104	57,959	5,364
Rhode Island	49,114	9,589	1,036	16,298	155
South Carolina	188,781	17,261	40,985	92,231	17,755
South Dakota	44,219	7,981	7,371	33,278	1,728
Tennessee	234,865	23,231	15,888	90,407	4,000
Texas	877,144	60,569	76,736	418,691	55,361
Utah	103,923	16,851	25,979	77,093	4,837
Vermont	32,124	3,160	597	11,693	622
Virginia	173,089	8,856	10,497	32,224	3,366
Washington	152,093	17,721	4,387	56,889	30,748
West Virginia	81,115	25,806	3,439	15,238	128
Wisconsin	348,888	19,720	8,266	41,712	3,750
Wyoming	42,734	11,138	6,694	28,964	1,269

¹All FY 1982 figures are estimates.

²Reflects individuals.

³Excludes Washington State.

**Benefit Data Under State Unemployment Insurance Programs, U.S. Totals, 1972-81,
and by State for 12 Months Ending December 31, 1981**

Fiscal Year and State	Initial claims	Average weekly insured unemployed			Average weekly wage in covered employment	Average weekly benefit amount		Federal Funds: (in weeks) all beneficiaries		Claimant exhaustion benefits			
		Number	Percent of covered employment	Total number of beneficiaries		Average weekly beneficiaries	Percent of average weekly (total) wages	Amount	Potential	Actual	Actual for exhaustees	Number	Percent of all beneficiaries
1972	13,554,363	1,846,600	3.0	5,713,209	1,565,307	155.36	56.00	36.0	23.1	14.2	21.5	1,811,376	29.9
1973	12,802,503	1,626,517	2.5	5,328,998	1,369,669	163.71	59.00	36.0	23.3	13.3	21.5	1,495,092	27.7
1974	18,878,544	2,255,978	3.4	7,729,590	1,877,482	176.27	64.00	36.3	23.4	12.6	21.6	1,926,133	30.9
1975	24,842,967	3,980,376	6.1	1,160,042	3,371,246	190.28	70.00	36.7	23.2	51.1	21.6	4,195,023	37.8
1976	20,045,264	2,985,169	4.4	8,560,107	2,450,476	203.88	75.00	36.7	23.0	14.8	21.7	3,262,282	37.7
1977	19,468,357	2,660,249	3.7	7,985,105	2,177,778	217.63	78.00	35.8	23.1	14.1	21.3	2,776,387	32.5
1978	17,996,703	2,354,213	2.8	7,568,310	1,941,359	232.90	83.00	35.6	23.9	13.3	22.1	2,030,423	26.6
1979	20,148,026	2,424,511	2.8	8,075,674	2,040,619	252.82	89.00	35.2	23.7	13.1	22.0	2,037,095	26.7
1980	25,369,934	3,355,745	3.9	9,992,123	2,864,462	269.88	98.00	36.3	23.7	14.9	22.3	3,071,943	33.1
1981	23,941,633	3,044,860	3.5	9,393,364	2,614,159	295.04	106.00	35.9	23.5	14.4	22.3	2,989,177	32.4
Alabama	487,153	50,415	4.0	202,108	43,092	266.78	77.00	28.8	23.5	11.0	21.6	54,383	27.5
Alaska	74,535	10,506	6.4	35,544	10,586	479.15	129.00	26.9	21.8	15.4	21.3	13,156	39.3
Arizona	187,307	23,730	2.4	71,031	17,852	289.53	86.00	29.7	24.6	13.0	22.1	19,965	29.3
Arkansas	283,087	31,000	4.4	102,470	24,091	245.70	92.00	37.4	22.5	12.2	21.5	29,577	28.3
California	2,921,656	375,038	3.8	1,060,026	329,294	319.12	91.00	28.5	24.1	16.1	23.2	349,733	33.7
Colorado	171,865	24,559	2.0	77,859	17,457	311.29	122.00	39.1	21.7	11.6	20.2	28,665	37.2
Connecticut	303,757	36,125	2.6	140,439	32,107	321.73	111.00	34.5	26.0	11.8	26.0	22,612	17.0
Delaware	75,994	8,287	3.3	31,753	8,751	327.70	105.00	32.0	25.4	14.3	25.0	7,499	25.9
Dist. of Colum.	38,950	11,489	3.1	30,503	12,012	343.26	130.00	37.8	27.4	20.4	28.3	10,434	40.5
Florida	401,530	60,948	1.7	190,326	43,077	262.76	80.00	30.4	20.5	11.7	18.5	66,680	37.3
Georgia	647,448	50,893	2.5	258,819	45,889	273.97	83.00	30.2	20.5	9.2	18.9	66,625	28.7
Hawaii	75,459	11,573	3.0	39,388	10,641	260.97	117.00	44.8	26.0	14.0	26.0	9,576	24.9
Idaho	128,493	15,301	5.1	49,098	11,888	271.13	105.00	38.7	20.1	12.5	17.5	16,297	36.7
Illinois	1,090,189	197,506	4.5	520,195	184,302	328.73	132.00	40.1	26.0	18.4	25.6	255,025	49.4

Indiana.....	654,342	64,922	3.3	242,536	53,622	314.83	90.00	28.5	20.9	11.4	19.3	83,419	35.0
Iowa.....	234,107	30,383	2.9	111,786	28,309	278.64	122.00	43.7	22.5	13.1	21.1	33,523	26.6
Kansas.....	137,037	20,900	2.2	73,835	19,420	280.47	112.00	39.9	22.5	13.6	21.6	27,078	35.1
Kentucky.....	427,179	50,418	4.6	162,331	44,380	285.82	105.00	36.7	23.2	14.2	22.0	58,656	37.2
Louisiana.....	278,117	40,511	2.6	125,009	38,458	315.62	120.00	38.0	24.6	15.9	23.6	43,634	36.1
Maine.....	181,623	16,567	4.2	57,458	13,973	242.70	93.00	38.3	21.4	12.6	19.1	18,706	27.0
Maryland.....	325,350	49,041	3.1	152,367	41,012	301.69	101.00	33.4	26.0	13.9	26.0	39,518	28.6
Massachusetts.....	593,904	85,520	3.4	260,372	74,063	288.43	104.00	36.0	26.9	14.7	25.3	63,999	26.4
Michigan.....	1,615,587	192,635	6.0	576,782	153,512	363.63	128.00	35.2	23.2	13.8	20.9	215,254	39.0
Minnesota.....	305,099	47,705	2.8	151,947	43,356	293.78	125.00	42.5	23.2	14.8	20.8	57,443	38.9
Mississippi.....	265,832	30,129	3.9	97,412	23,199	242.44	73.00	30.1	23.6	12.3	22.2	26,835	29.3
Missouri.....	606,239	70,355	2.8	219,900	55,412	290.14	91.00	31.3	21.5	13.1	20.0	81,214	36.4
Montana.....	71,460	10,255	4.0	33,372	8,497	265.14	110.00	41.4	20.7	13.2	19.0	12,535	39.3
Nebraska.....	82,350	11,487	2.0	42,459	9,823	257.52	95.00	36.8	22.6	12.0	17.3	14,401	34.8
Nevada.....	101,425	13,020	3.3	45,384	12,065	294.97	106.00	35.9	23.2	13.8	22.9	12,924	28.3
New Hampshire.....	75,975	7,865	3.1	41,403	6,920	257.75	86.00	33.3	25.3	8.6	25.8	3,150	7.6
New Jersey.....	780,990	126,182	4.3	429,744	123,298	321.27	106.00	32.9	23.2	14.9	21.9	164,231	39.3
New Mexico.....	72,780	11,400	2.7	28,907	8,641	272.88	89.00	32.6	25.7	15.5	25.2	9,740	33.3
New York.....	1,581,443	233,672	3.0	568,988	207,918	334.32	94.00	28.1	26.0	19.0	26.0	185,468	32.9
North Carolina.....	1,017,778	68,148	3.0	308,200	56,640	249.23	91.00	36.5	23.6	9.5	21.8	56,570	19.2
North Dakota.....	41,586	6,403	2.9	20,099	5,640	269.23	114.00	42.3	21.4	14.5	19.2	8,250	37.5
Ohio.....	1,313,190	170,004	4.2	496,127	140,681	322.08	127.00	39.4	25.5	14.7	25.3	157,551	32.5
Oklahoma.....	139,046	14,842	1.3	53,326	11,049	302.76	113.00	37.3	18.9	10.7	17.9	16,211	30.3
Oregon.....	445,579	56,850	5.9	173,453	47,315	293.85	106.00	36.0	25.5	14.1	25.3	43,224	27.7
Pennsylvania.....	1,620,795	198,959	4.5	576,527	183,988	301.20	126.00	41.8	29.7	16.5	29.7	145,256	25.6
Puerto Rico.....	307,726	54,386	8.1	83,884	32,418	176.87	59.00	33.3	20.0	20.0	20.0	25,935	35.1
Rhode Island.....	164,502	19,378	5.0	60,905	16,617	252.50	98.00	38.8	22.9	14.1	20.5	18,282	29.2
South Carolina.....	473,301	41,871	3.7	141,269	32,977	248.88	84.00	33.7	23.9	12.1	22.6	39,734	23.6
South Dakota.....	32,614	4,208	2.0	13,454	3,156	228.84	103.00	45.0	23.8	12.1	21.6	3,107	21.6
Tennessee.....	661,901	63,182	3.8	211,895	52,724	262.65	81.00	30.8	23.9	12.9	21.6	60,549	29.0
Texas.....	489,128	64,536	1.1	196,786	49,033	316.13	100.00	31.6	21.2	12.9	18.9	78,712	32.6
Utah.....	96,736	15,285	3.1	47,352	13,230	287.26	114.00	39.6	25.5	14.5	21.8	14,585	31.8
Vermont.....	55,310	7,289	3.8	24,020	6,341	248.07	96.00	38.6	26.0	13.7	26.0	4,920	19.8
Virginia.....	432,943	36,665	1.9	160,107	34,018	267.99	98.00	36.5	22.0	11.0	21.1	42,310	28.5
Virgin Islands.....	7,122	1,330	3.6	4,540	1,507	239.89	72.00	30.0	26.0	17.2	26.0	1,405	33.9
Washington.....	562,235	75,766	4.9	212,971	64,852	329.25	119.00	36.1	26.8	15.8	25.0	56,650	28.8
West Virginia.....	169,214	34,813	5.9	94,419	28,472	312.12	109.00	34.9	28.0	15.6	26.7	28,221	24.8
Wisconsin.....	604,275	87,112	4.7	268,194	73,181	288.42	123.00	42.6	25.2	14.1	24.2	82,142	31.1
Wyoming.....	28,390	3,471	1.7	14,285	3,378	341.36	121.00	35.4	9.9	12.2	13.2	3,608	27.4

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